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## **THESIS**

**UNITED STATES STRATEGY TOWARD CHINA AFTER A  
PEACEFUL TAIWAN STRAIT RESOLUTION**

by

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**UNITED STATES STRATEGY TOWARD CHINA AFTER A PEACEFUL  
TAIWAN STRAIT RESOLUTION**

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## **ABSTRACT**

Although the United States has maintained a one-China policy since 1972, U.S. actions have upheld de facto Taiwan sovereignty in the face of Chinese threats of forceful reunification. This seemingly contradictory American stance has focused Chinese attention on the Taiwan issue and the U.S. role in perpetuating it. The growing economic interdependence between Taiwan and the mainland make peaceful reunification a plausible exigency. If China no longer needs to worry about this historical thorn in its paw, it is logical it would divert its attention and energies elsewhere. This thesis examines the current state of economic, socio-political, and military considerations between the United States and the People's Republic of China to infer the likelihood of either cooperation or contention between the two nations in a post-reunification era. The thesis argues that endemic suspicion and competition between China and the United States make moot the possible amelioration in relations a PRC-ROC reunification might present. The thesis concludes that American policy should be tailored to address the Chinese challenge in a post-unification world.

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## **I. INTRODUCTION**

The United States and the People's Republic of China (PRC) are two great powers with a history of considerable antagonism, occasionally moderated by shared interests. On one hand, disagreements over issues as diverse as human rights and currency valuation have caused the two nations to squabble diplomatically, while the unresolved Taiwan issue has occasionally raised the specter of military action. Conversely, the two nations have at times shown a penchant for cooperation, as evidenced most recently by China's collaboration in the six party North Korean nuclear talks and the flurry of cooperative activity immediately following the 9-11 terrorist attacks. Given the existing economic, political, and military power of the United States and the burgeoning strength of China, it is important to address whether the two nations will pursue a cooperative or adversarial relationship in the future. Such analysis begins with an understanding of the historical roots of the two nations' relationship.

### **A. HISTORICAL BACKGROUND OF SINO-AMERICAN RELATIONS – WORLD WAR II THROUGH THE COLD WAR**

#### **1. Genesis of Mistrust**

In the early days of World War II, the United States recognized the importance of China as a regional anchor in a post-war environment. President Franklin D. Roosevelt pictured a resurgent China rising to great power status, expecting it to become a stabilizing regional force in the post-war era.<sup>1</sup> This ultimately resulted in China receiving a permanent seat at the United Nations Security Council when the UN was founded in 1945.

Despite the optimistic plans envisioned for China, the ongoing civil war between the Kuomintang (KMT) and communist forces derailed what could have become a close Sino-American relationship. Throughout World War II, the United States provided material and logistical support to Republic of China (ROC) forces fighting the Japanese. Additionally, the American government attempted, during and after the war, to ameliorate the schism between the KMT nationalists and the communists. Nonetheless,

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<sup>1</sup> Michael Yahuda, *The International Politics of the Asia-Pacific, 1945-1995*, (New York: Routledge, 1996), 115.

China sank back into civil war following the failure of U.S. mediation in 1946. As the tide of the conflict began to favor the communists, the United States shifted its plans for an Asian pole of influence away from China toward its wartime nemesis, Japan.<sup>2</sup> Receiving diminishing assistance from the United States, the KMT was defeated and ultimately sought refuge on the island of Formosa and the communists established the People's Republic of China (PRC) in October 1949.

Potential U.S.-PRC relations turned adversarial with Chinese support of North Korean communists and eventual participation in the Korean conflict. On one side, American support of the KMT during the civil war angered the new Beijing government and provided one impetus for the United States being labeled the principal enemy of the new PRC. On the other, the rising Cold War with the Soviet Union led the United States to view the new Mao-led government as part of a monolithic global communist network. President Harry S. Truman highlighted this point when he imposed an economic embargo on the PRC and ordered the U.S. Seventh Fleet to the Taiwan Strait following the June 1950 North Korean invasion of the south.<sup>3</sup> In doing so, Truman hastily included Taiwan in the U.S. defense perimeter, increasing Chinese enmity towards America. China entered into direct conflict with the United States after the late 1950 American counteroffensive on the Korean peninsula brought U.S. forces to the Yalu River.

## **2. Ingraining an Adversarial Mindset**

For the nearly two decades following the Korean War, the United States and China warily viewed the other as a potential adversary. For its part, China viewed the United States as a nation prone to international interference and bent on world hegemony. This concept may have had its genesis in American support of the KMT army during the Chinese civil war.<sup>4</sup> Following the communist victory and until the late 1960s, the Mao-led government formulated a world view that kept China locked in an ideological cycle that precluded cooperation with the West. China believed that war with the United States

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<sup>2</sup> Yahuda, *Politics of the Asia-Pacific*, 116.

<sup>3</sup> Ibid., 27.

<sup>4</sup> William R. Heaton, *A United Front Against Hegemonism: Chinese Foreign Policy into the 1980's*, National Security Affairs Monograph Series, no. 80-3 (Washington D.C.: National Defense University Press, 1980), 3.

was indeed inevitable and may have played a role in its decision to support the Kim Il Sung government during the Korean War.

At the same time, the United States held a similarly distrustful view of China during the 1950s and 1960s. The advent of the Cold War led the United States to group all communist adversaries together into a single united opponent, discounting the nuances of the occasionally strained relations between communist states. The Chinese participation in the Korean War exacerbated this view as the United States perceived a nefarious cabal working together to advance communism in Northeast Asia. Ironically, the Sino-Soviet split did little to ameliorate these feelings. The United States continued to view China as a dangerous potential adversary, even as its own relations with the Soviet Union were moderating.<sup>5</sup> Military posturing over Taiwan during the 1950s and the American perception that Chinese were aiding Hanoi in the Vietnam War contributed to this poisoned view of the Chinese.

The results of this mutual distrust were perhaps most problematic for the Chinese as it hindered their national economic and defense progress, especially after the Sino-Soviet split. Effectively cut off from the developed world, China operated in a virtual technological vacuum. This dearth of outside assistance, coupled with the crippling effects of Mao-inspired national programs, prevented China from becoming a significant power in Asia. Furthermore, China's antipathy towards building truly constructive relationships with the global community during the "lost decades" of the 1950s and 1960s inhibited its international political maturation. For the United States, the effects of this distrust were not as obvious, but significant nonetheless. Although the Kennedy and Johnson administrations attempted to drive a wedge between China and the Soviet Union during the 1960s, they persisted in the "monolithic communism" world view outlined in NSC-68.<sup>6</sup> This drove the United States to treat the burgeoning Vietnam issue as a zero sum game, rather than explore possible alternative courses of action. A more deliberate examination of the situation may have led the United States to more effectively play China off against the Soviet Union in hopes of decreasing support for the North Vietnamese. Furthermore, American fears of direct Chinese intervention in Vietnam

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<sup>5</sup> Yahuda, *Politics of the Asia-Pacific*, 124.

<sup>6</sup> Ibid., 126.

limited American willingness to apply maximum force to the North Vietnamese. Thus, American distrust and fear of the Chinese prevented actions that could have at least mitigated the catastrophe that Vietnam became for American foreign policy.

### **3. Sundering Chinese Isolation**

While Sino-American relations foundered for nearly two decades, several events converged in the late 1960s that eventually ended Chinese isolation. First, the worsening Sino-Soviet relationship and failed attempts at strategic Third World alignments forced the Chinese to signal their interest in dialogue with Washington in 1968.<sup>7</sup> Interestingly, American attitudes towards China had also moderated as the fact that China was no longer a Soviet puppet regime began to shape Washington's approach to Beijing.<sup>8</sup> Furthermore, American diplomats began to call into question the wisdom behind isolating an established nuclear power. The Sino-American rapprochement began in secret, but abruptly came into view when Secretary of State Kissinger made a surprise visit to Beijing in July 1971.<sup>9</sup>

This moderation of attitudes brought numerous benefits to the Chinese in the years to come. Assuaging an immediate security threat, the Chinese obtained assurances from Washington not to conspire with the Soviet Union against China. A more meaningful long term result involved Beijing's supplanting the ROC (Taiwan) at the United Nations, including taking over the permanent seat at the Security Council. This diplomatic coup resulted in a double win for the PRC as the United States failed in its dual membership proposal for the two Chinas.<sup>10</sup> In effect, this failure acknowledged the legitimacy of the PRC and provided a measure of international recognition of its claim to Taiwan. The opening to China also signaled the emergence of the PRC into the community of nations. Previously, China had been viewed as an unpredictable, menacing force in Asia. Its new status as a United Nations member and warming relations with the United States opened diplomatic doors for China that had previously been closed. The Sino-American rapprochement may thus be seen as the beginning of

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<sup>7</sup> Yahuda, *Politics of the Asia-Pacific*, 201.

<sup>8</sup> Ibid., 127.

<sup>9</sup> Ibid., 77.

<sup>10</sup> Ibid., 202.



the symbolic Chinese “awakening” and put them squarely on the road towards great power status.

The period of tripolarity – a term implying the effect China had on the bipolar nature of world affairs – persisted until the early 1980s. The election of Ronald Reagan and the incipient anti-communist foreign policy shift rankled the Chinese. However, the relative decline of the Soviet Union had already caused the Chinese to drift away from their relationship with the United States.<sup>11</sup> In the waning years of the 1970s and throughout the 1980s, China embarked on an ambitious program of economic reform and military modernization. Spearheaded by reformer Deng Xiaoping, these changes transformed the backwards Chinese economy and provided yet another sign that the Chinese giant was awakening. Following U.S. recognition of the PRC in 1979, Chinese trade with the West, particularly the United States, boomed throughout the 1980s despite lingering American distrust. However, the Tiananmen Square massacre of 1989 brought economic sanctions and undesired international political scrutiny for the Chinese. This singular event, so close to the end of the Cold War, would reverberate throughout the post-Cold War period and provide ongoing doubts throughout the world regarding the Chinese.

## **B. THE SIGNIFICANCE OF TAIWAN FOR SINO-AMERICAN RELATIONS**

Arguably, Taiwan’s sovereignty presents the most persistent irritant in the Sino-American relationship. Formerly a Japanese colony, Taiwan provided refuge for Chiang Kai-shek’s retreating Nationalist forces following the 1949 communist victory. The World War II peace treaty signed with Japan in September 1951 failed to address Chinese claims to this island, beginning an ongoing period of ambiguity regarding Taiwan’s status.<sup>12</sup> On one hand, the United States actively defended Taiwan when threatened by China, notably in 1954-1955 and 1958 after Chinese shelling of offshore islands held by the PRC. However, U.S. support appeared to wane vis-à-vis Taiwan during the early 1970s rapprochement with China when the United States agreed to adopt a “One China”

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<sup>11</sup> Yahuda, *Politics of the Asia-Pacific*, 207.

<sup>12</sup> John J. Tkacik, America’s “China Policy” is in Urgent Need of Definition [testimony on-line] (Washington D.C.: The Heritage Foundation, April 19, 2005, accessed 20 October 2005); available at <http://www.heritage.org/Research/AsiaandthePacific/hl874.cfm>; Internet.

policy.<sup>13</sup> Nonetheless, the United States continued to provide moral and material support to Taiwan in the form of ongoing military assistance. Throughout the remainder of the Cold War years and into the post-Cold War era, the United States and China have maintained a pretense of agreeing to differ regarding the Taiwan issue. While the United States officially espouses an ambiguous “One China” policy, the Chinese advertise their desire for peaceful reunification with the island.<sup>14</sup> Such statements belie the desire each side has to see the Taiwan issue progress to its satisfaction.

The Chinese consider resolution of the Taiwan issue a top national priority and another step towards their ascendancy as a leading power in Asia and around the world. Chinese Foreign Minister Li Zhaoxing underscored the depth of PRC commitment to reunification in July 2004 when he said “even if all problems in China were added up, the sum total would still not be heavier than the Taiwan issue.”<sup>15</sup> China chafes at American military sales to the island and loudly objects when Taipei participates in international forums normally reserved for sovereign nations.<sup>16</sup> Although Chinese military officials are generally reluctant to discuss the Taiwan issue, it is believed that China’s dramatic military buildup serves its desire to use coercive diplomacy to return Taiwan to mainland control.<sup>17</sup> The March 2005 passage of the anti-secession law by the Chinese National People’s Congress codifies the desire of Beijing to bring Taiwan back to the motherland and provides a legal foundation for possible military action against the island.<sup>18</sup> Despite the bellicose rhetoric coming from Beijing regarding use of force versus Taiwan, warfare would appear to be a last resort for the PRC. The likely global condemnation of military action coupled with the probable decimation of Taiwan would serve to make all out warfare against Taiwan a fool’s errand.<sup>19</sup> Nonetheless, the Chinese believe a credible

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<sup>13</sup> Tkacik, America’s “China Policy” [testimony on-line]; Internet.

<sup>14</sup> Ibid., Internet.

<sup>15</sup> Bonnie S. Glaser, “U.S.-China Relations: Rice Visits Beijing, but Disappoints Her Hosts,” ed. Brad Glosserman and Vivian Brailey Fritschi, *Comparative Connections* 6, no. 3, (October 2004): 38 [journal on-line]; available from <http://8.7.97.201/media/csis/pubs/0403q.pdf>; Internet; accessed 20 October 2005.

<sup>16</sup> Ibid., 38.

<sup>17</sup> David Shambaugh, *Modernizing China’s Military*, (Berkeley: University of California Press), 308, 318-319.

<sup>18</sup> Kerry Dumbaugh, “China-U.S. Relations: Current Issues and Implications for U.S. Policy,” Washington D.C.: Congressional Research Service, September 29, 2005, 5.

<sup>19</sup> Shambaugh, *Modernizing China’s Military*, 318.

military threat is necessary to simultaneously deter a Taiwanese declaration of independence and influence reconciliation on the mainland's terms.

While China considers Taiwan a renegade province that must be returned, the United States strongly supports maintenance of the status quo. The American government formally committed to protect Taiwanese territory through the December 1954 Mutual Defense Treaty. The United States appeared to abandon Taiwan through the 1972 Shanghai Communiqué that affirmed a “One China” policy and later voided the Mutual Defense Treaty in favor of normalized relations with Beijing in 1979. In retrospect, the United States appears to have maintained a commitment to the status quo through passage of the Taiwan Relations Act in 1979. While acknowledging the cessation of formal relations between America and Taiwan, the act places responsibility on the U.S. government to take steps to ensure Taiwan is free to determine its future without threat or compelling action from the mainland.<sup>20</sup> In the intervening years since passage of this act, the United States has provided additional affirmations (the 1982 “Six Assurances”) and ongoing military arms sales and logistical support to Taiwan. Nonetheless, the United States is not interested in seeing an independent Taiwan, either. While the current administration is widely viewed as the most accommodating presidency since initiation of the Taiwan Relations Act, President Bush issued a stern warning to independence-minded leaders in December 2003: “The comments and actions made by the leader of Taiwan indicate he may be willing to make decisions unilaterally that change the status quo, which we oppose.”<sup>21</sup> The rationale for this seemingly Janus-faced policy is two-fold. On one hand, America wishes to prevent Taipei from provoking Beijing to resort to force. On the other hand, the United States desires to deliberately moderate Chinese behavior and coax the PRC to accept institutional norms within the community of nations. This fact is illustrated in the following statement by former Secretary of State Colin Powell explaining the meaning of Taiwan arms sales in the face of a One China policy: “It has allowed China, instead of concerning itself about whether there’s going to be a conflict with Taiwan, but for China

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<sup>20</sup> *Taiwan Relations Act, U.S. Code*, 96-8, (1979), [document on-line]; available from [http://usinfo.state.gov/eap/Archive\\_Index/Taiwan\\_Relations\\_Act.html](http://usinfo.state.gov/eap/Archive_Index/Taiwan_Relations_Act.html); Internet.

<sup>21</sup> Dumbaugh, “China-U.S. Relations,” 7.

to develop itself and to join the international community, economically and politically.”<sup>22</sup> Despite these ostensibly pious intentions, it is also likely that Asia-Pacific balance of power considerations are also at play regarding American support of the status quo.<sup>23</sup> Taiwan provides a symbolic example of American political strength in East Asia; its reversion to China would provide a tangible signal to the world of China’s ascendancy at the cost of American political prestige. If Washington is purposefully pursuing an ambiguous position vis-à-vis Taiwan to shape Chinese behavior, it would be logical for such a position to become untenable if China met international normative standards. Additionally, the United States would be viewed as hypocritical if it attempted to stymie a mutual decision by China and Taiwan to reunify peacefully. Therefore, the United States finds itself in a quandary: its own One China policy, designed to placate Beijing could ultimately upset the status quo America seeks to preserve. This begs the question of how likely is a peaceful PRC-Taiwan merger.

### **C. THE POSSIBILITY OF A PEACEFUL MERGER**

The Chinese appear to be pursuing a carrot and stick strategy of military coercion and economic conciliation towards Taiwan. Thus far, the combination of PRC military strength and diplomatic efforts has successfully deterred a Taiwanese declaration of independence. The cross-Strait military buildup may be viewed less for its potential use for forceful reunification and more for its capacity to intimidate and guide the Taiwanese toward the desired PRC objective. While Beijing utilizes this military “stick,” it also employs economic incentives to draw Taiwan closer to the ultimate objective of assimilation. The effectiveness of this strategy may not be immediately apparent, but it presents a plausible case for a peaceful merger between Taiwan and the PRC.

An initial examination of Taiwanese politics would appear to negate any thought of reconciliation with the mainland. The KMT government, originally established as the government of all of China, ruled unilaterally over Taiwan until legalization of opposition parties in 1987. Led by leaders who had lost the Chinese Civil War, the KMT

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<sup>22</sup> Colin Powell, interview by Anthony Yuen, Phoenix TV, 25 October 2004 [transcript on-line]; available from <http://usinfo.state.gov/eap/Archive/2004/Oct/26-277540.html>; Internet; accessed 20 October 2005.

<sup>23</sup> Nancy Bernkopf Tucker, “If Taiwan Chooses Unification, Should the United States Care?,” *Washington Quarterly* 25, no. 3 (Summer 2002): 21-22.

largely eschewed PRC calls for reunification and sought Western assistance to prevent communist moves against the island. As Taiwan moved towards a pluralistic political system, some factions such as the New Party and the People First Party expressed greater interest in reconciliation with the mainland, ultimately desiring reunification. However, the tenor of Taiwanese politics swung towards formal independence with the gains made by the Democratic Progressive Party (DPP) in the late 1990s, culminating in the election of DPP candidate Chen Sui-bian to the presidency in 2000. Although the DPP has moderated its independence rhetoric, largely due to American pressure, a significant segment of the population supports the concept of outright independence.<sup>24</sup> This fact is perhaps rooted in the development of a unique Taiwanese identity distinct and separate from the mainland.<sup>25</sup> Despite the current direction of Taiwanese politics, business forces may alter the course of future events between the island and the PRC.

The accelerating economic ties between Taiwan and the PRC present a significant opportunity for the mainland to influence the direction of Sino-Taiwanese relations. Over three-quarters of Taiwan's companies are invested in mainland ventures, totaling upwards of \$60 billion.<sup>26</sup> This considerable investment represents over ten percent of Taiwan's gross domestic product and has helped the PRC supplant America as Taiwan's largest export market.<sup>27</sup> Furthermore, Beijing is attempting to utilize the extensive cross-Strait business ties to facilitate potential political initiatives, such as inclusion of Taiwan in the Chinese Free Trade Area.<sup>28</sup> Beijing may also welcome the increasing relocation of Taiwanese businessmen to mainland domiciles as a way to re-indoctrinate segments of the island's society toward a viewpoint that may later aid reunification efforts.<sup>29</sup> Thus, Beijing views economic integration across the Strait as a vehicle to eventual

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<sup>24</sup> United States Central Intelligence Agency, "Taiwan," 4 October 2005 [fact sheet on-line]; available at <http://www.cia.gov/cia/publications/factbook/geos/tw.html>; Internet; accessed 20 October 2005.

<sup>25</sup> Annie Chen, "Identity Crisis: When does identity stop and nationality begin?," *The Columbia Political Review* 2, no. 2 (December 2002) [journal on-line]; available from <http://www.columbia.edu/cu/cpr/issues/2/2/index.html>; Internet; accessed 20 October 2005.

<sup>26</sup> Tucker, "If Taiwan Chooses Unification," 16.

<sup>27</sup> United States Central Intelligence Agency, "Taiwan," [fact sheet on-line]; Internet..

<sup>28</sup> China is attempting to create a regional free trade area including the PRC, Hong Kong and Macao. The mainland would like to include Taiwan in this arrangement to entice additional business commitments and incorporate Taiwan in an economic Sino-centric regime. See Tucker, "If Taiwan Chooses Unification," 17.

<sup>29</sup> Tucker, "If Taiwan Chooses Unification," 16.

reunification. One hubristic PRC official underscored this attitude in early 2002 when he proclaimed “Our economy is our best weapon. We won’t attack them (Taiwan). We will buy them. It’s very Chinese.”<sup>30</sup>

The dichotomy between politics and economics presents a potential fissure in the status quo of Sino-Taiwanese relations. Some believe Taiwan’s economic integration with the mainland presents an irresistible force that will invariably shape future political decisions and alter the current state of affairs. Chu Yun-han of Academia Sinica illustrated this point when she said:

None of Taiwan's political parties are fully prepared to deal with the social and political implications of the island's increasing economic dependence on the mainland. Further economic integration is likely to undermine the social foundations of Taipei's preferences on security policy.<sup>31</sup>

Signs of this shift in policy may already be evident as recently proposed U.S. arms sales to Taiwan have been cut by Taiwanese lawmakers in an effort to attract broad legislative support.<sup>32</sup> Furthermore, polls show that Taiwan’s populace is increasingly mesmerized with business opportunities on the mainland and seeks to avoid conflict with its economic benefactor.<sup>33</sup> While the topical view of Taiwan’s politics may indicate a predilection towards independence, a strong economic undercurrent exists that could redefine Taiwanese politics in the future. This could partly explain why the KMT has regained its political footing through its increasingly conciliatory message vis-à-vis the PRC. One concludes that a Sino-Taiwanese peaceful merger is indeed plausible.

#### **D. THE QUESTION OF FUTURE SINO-AMERICAN RELATIONS**

The likelihood of indefinite perpetuation of the cross-Strait status quo is questionable. The possibility exists for Taiwan and China to arrive at a peaceful resolution that results in PRC control of the island. Given the importance the PRC and the United States each ascribe to the Taiwan issue and its apparent position as an

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<sup>30</sup> John Pomfret, “China Sees Interests Tied to U.S.,” *Washington Post*, 2 February 2002, A1.

<sup>31</sup> The Hoover Institution, “Hoover Institution Hosts Conference on China’s Leadership,” *Hoover Institution Newsletter*, 3 February 2003 [newsletter on-line]; available from <http://www-hoover.stanford.edu/pubaffairs/newsletter/03021/default.htm>; Internet; accessed 21 October 2005.

<sup>32</sup> Dumbaugh, “China-U.S. Relations,” 7.

<sup>33</sup> Willy Lam, “China woos Taiwan non-separatists,” *CNN On-line*, 2 May 2005; available from <http://www.cnn.com/2005/WORLD/asiapcf/04/25/eyeonchina.taiwan/index.html>; Internet; accessed 21 October 2005.

impediment towards a more cooperative association between these two great powers, one must ask what the Sino-American relationship would be if Taiwan were no longer an issue. If Taiwan peacefully reunified with the PRC, would that ameliorate the occasionally tenuous Sino-American relationship, or would it embolden a rising power (China) at the expense of a hegemonic power (the United States)? Would peaceful resolution of the Taiwan issue allow greater regional cooperation between the PRC and nations aligned with the United States, or would it serve as a first “domino” in a shift towards a new Sino-centric regional order? Would elimination of the Taiwan question ease fears of the ongoing Chinese military build up, or would it provide justification to the Chinese that merely the threat of military means can be effectively employed to garner a political end?

Divining the answer to these questions requires an assessment of current trends in the Sino-American relationship, while accounting for the hypothetical condition of a peaceful Sino-Taiwanese merger. Consideration of contemporary economic, socio-political, and military issues between the United States and China may help clarify whether these two nations would likely move towards cooperation or contention in a post-reunification era. Arriving at conclusions to these questions may then aid decision makers in formulating future policy objectives vis-à-vis a post-reunification China.

Resolution of the Taiwan question would serve to mitigate regional fears of a military showdown between the United States and the PRC. Coupled with the improvement in bilateral Sino-American affairs since creation of the PRC, this event would appear to support development of a closer, more constructive relationship between the United States and a unified China. However, considerable tensions remain between the two nations beyond the Taiwan issue, indicating factors that could negatively affect the post-reunification relationship. The nature of these factors suggests an endemic level of suspicion and antagonism between the United States and the PRC, hindering advancement of the Sino-American relationship in a post-reunification era.

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## II. INTERNATIONAL RELATIONS THEORY

An examination of international relations (IR) theory may help in discerning the nuances of the current Sino-American relationship and may aid in the formulation of correct policy in a post-reunification environment. Using IR theory, one may compare the motives and justifications of the participating states, view alternate sides of a particular issue, and help forecast trends. Though not guaranteed certainty, IR theory provides a basis for predicting the course of events between states. The three major theoretical schools of thought (neo-realism, liberalism, and constructivism) supply the background for analysis of the various aspects of the Sino-American relationship.

### A. NEO-REALISM

Anarchy, self-interest and preservation, and security dilemmas are features marking the theory of international politics known as neo-realism. Unlike a domestic political system that exhibits hierarchical structure with centralized control, the international system is anarchic, according to those who subscribe to realist tenets.<sup>34</sup> This anarchic system conveys an inherent threat of violence, given the lack of a supranational agent to control conflicting parties.<sup>35</sup> Facing this bleak situation, states attempt to assuage their security concerns by either developing their military and economic capabilities, or by collaboration with other stronger states. Paradoxically, this collaboration may also lead to distrust and fear of dependence, leading to state insecurity.<sup>36</sup> Realists acknowledge the existence of supranational actors, but their power is deemed inferior to that of major states and thus unable to alter the anarchic environment.<sup>37</sup> Furthermore, these transcendent entities are often manipulated by these same major states for their own self interest. Thus, a state has no choice but to rely upon itself and act in such a way that consistently benefits its own concerns and secures greater amounts of national power if it is to survive in this Darwinian environment.

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<sup>34</sup> Kenneth Waltz, *Theory of International Politics*, (Reading MA: Addison-Wesley, 1979), 88.

<sup>35</sup> *Ibid.*, 103.

<sup>36</sup> *Ibid.*, 105-106.

<sup>37</sup> *Ibid.*, 95.

A neo-realist view of the Sino-American relationship would hold that each nation is competing with the other to secure the largest share of power and influence, maximizing its relative gain. In other words, each is seeking to maximize its absolute gains, regardless of the expense to the other. As the established power, the United States would prefer to maintain the current world situation, preserving its hegemony. On the other hand, the revisionist power (China) would desire a redefinition of the world order to raise its position.<sup>38</sup> A neo-realist would attribute each nation's participation in supranational organizations as a vehicle towards greater power, perhaps through its constraint of the other player's power. Similarly, relationships with other nations will be forged in an effort to counterbalance the other's power. What cooperation does exist between these two nations may be attributed to individual respective efforts to maximize individual benefits, regardless of costs or gains the other may realize. Essentially, a neo-realist would view the economic, political, and military aspects of the Sino-American relationship as pragmatic, prone to self interest, and likely to show signs of conflict.

## **B. LIBERALISM**

While neo-realists have a foreboding picture of international relations, liberals tend to have a somewhat more optimistic view of international relations. Like neo-realists, liberals accept the premise of states operating in an anarchic environment, raising the potential for inter-state rivalry. However, liberals contend that cooperative relationships between states are possible given a willingness of actors to adjust their behavior to the preferences of others.<sup>39</sup> The key concern among liberals is providing an environment whereby actors willingly choose to forego self interest in favor of cooperation, even in situations where considerable conflict of interest exists. Transnational institutions and international regimes are viewed as beneficial in achieving this liberal objective. Institutions are created to alter the payoff structure a state perceives by increasing the costs or decreasing the benefits of defection (non-cooperation), while increasing the benefits and decreasing the costs of cooperation, effectively altering the

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<sup>38</sup> Rita Kernacs, "The Future of U.S. Relations with Japan and China: Will Bilateral Relations Survive the New American Unilateralism?", *Asia Pacific: Perspectives* 4, no. 1 (14 August 2004): 1.

<sup>39</sup> Robert Axelrod and Robert O. Keohane, Achieving Cooperation Under Anarchy: Strategies and Institutions, *World Politics* 38, no. 1 (October 1985): 226.

international environment by creating mutuality of interest.<sup>40</sup> Additionally, institutions are helpful in creating the effect known as “shadow of the future.” When nations weigh the consequences or benefits of their current actions against potential future considerations, they are more likely to cooperate.<sup>41</sup> Finally, institutions are helpful in building effective reciprocity between states by aiding in defector identification and punishment, especially among a large collective.<sup>42</sup> Thus, creation of international agencies and regimes may help not only to mitigate the self interest pressure a state may feel in an international arena, but may facilitate interstate cooperation.

The Sino-American relationship would probably not be viewed as ominously by a liberal than by a neo-realist. First, a liberal would point to each nation’s participation in such international organizations as the United Nations and the World Trade Organization (WTO) as indicative of the value of institutions in overcoming naked national self-interest. For example, Sino-American collaboration on United Nations Security Council resolution 1566 affirms the power of such a multi-national organization to create mutuality of interest, increase the shadow of the future, and improve international reciprocity.<sup>43</sup> Secondly, growing interdependence between the two nations would not only validate the liberal viewpoint regarding the value of international regimes, but suggests a convergence of their individual objectives and an interest in improving future outcomes. While occasional friction may continue between the two nations on economic, political, and military matters, these tensions may be assuaged through the network of international regimes in which each nation participates.

### **C. CONSTRUCTIVISM**

While neo-realists and liberals contend that the anarchic structure frames the international environment and forces nations to compete, constructivists reject the rationalist idea that states are doomed to competitive power politics and focus on the

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<sup>40</sup> Axelrod and Keohane, *Achieving Cooperation*, 228.

<sup>41</sup> *Ibid.*, 232.

<sup>42</sup> *Ibid.*, 234-238.

<sup>43</sup> The United States and China collaborated with other members of the UN Security Council to call on all countries to prosecute and extradite those people or groups supporting terrorist acts. See UN News Centre, “New Security Council Resolution Directs Aim at All Terrorists,” *UN News Centre*, 8 October 2004; available from <http://www.un.org/apps/news/story.asp?NewsID=12168&Cr=terror&Cr1=>; Internet; accessed 24 October 2005.

relational interaction between states. Constructivists argue that state identity and interests are shaped within the international system, rather than existing as exogenous variables.<sup>44</sup> Social constructivist theories hold that individuals (and logically, groups of people) act relative to the meaning other people have for them.<sup>45</sup> While distribution of power may still affect how a state acts, it will only matter insofar as the state's own ideas shape its assessments and reactions to that power.<sup>46</sup> Thus, if Nation A chooses to perceive Nation B as a threatening enemy, Nation A will act as an enemy toward Nation B. While it is possible to socially construct a Hobbesian self-help system, it is also possible to escape such a system through institutions that facilitate new understandings of self and others.<sup>47</sup> Through these new perceptions, the national behavior may then be changed.

A constructivist would likely view potential areas for improvement in the Sino-American relationship, but would also ascribe the considerable progress the two nations have achieved as indicative of the power of social construction. One could point to the souring of PRC-American relations after 1949 as an example of deleterious social construction. The perception each nation cultivated regarding the other drove each to treat the other as a threat, further reinforcing the negative social construction. Conversely, the decision by each nation to rethink the adversarial position it assigned to the other helped foster the early 1970s Sino-American rapprochement. Like a liberal, a constructivist may find benefit in multi-national regimes that bring the two nations together. Positive social construction would be realized when, through these regimes, the United States and the PRC achieve a new understanding of the other's position and concerns.

#### **D. WHITHER CHINA?**

The question of which IR school of thought best describes present and future Chinese actions may help define future policy objectives vis-à-vis the PRC. Samuel S. Kim, adjunct professor of political science and senior research scholar at the East Asian Institute, Columbia University, asserts that China practices a *realpolitik* foreign policy to

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<sup>44</sup> Alexander Wendt, *Anarchy is What States Make of It: The Social Construction of Power Politics*, *International Organization* 46, no. 2 (Spring 1992): 394-395, 402.

<sup>45</sup> *Ibid.*, 397.

<sup>46</sup> *Ibid.*, 397.

<sup>47</sup> *Ibid.*, 417.

compensate for a regime with weak legitimacy that has thus far been unable to return China to historical preeminence.<sup>48</sup> According to Kim, all Chinese believe in China's inalienable right to great power status, leading to dissatisfaction with the global status quo.<sup>49</sup> China challenges the existing unipolar situation and responds to the constricting pressures of globalization by practicing a form of "exemptionalism."<sup>50</sup> This Chinese exemptionalism leads to a Chinese desire for dispensation from certain expectations, particularly human rights requirements, inherent in a global environment.<sup>51</sup> This view of China suggests it will seek greater power and influence at the expense of other nations. Furthermore, China's exemptionalism indicates a disdain for international institutions that constrain Chinese behavior.

While Professor Kim acknowledges China's neo-realist proclivities, he also believes its participation in regimes will moderate its approach to the global community, particularly the United States. Kim asserts that strict bilateral engagement with China perpetuates realpolitik and that a policy of multilateral integration will serve to draw China into the global community.<sup>52</sup> Following this liberal approach, one would conclude that China's ongoing participation in regimes such as the United Nations and recent accession to the WTO should have altered its actions and will continue to pay dividends in the future.

Zhongying Pang, professor of international studies at Nankai University, contends China's ascendance is gradually bringing about positive social construction within the nation.<sup>53</sup> Pang believes that the continuing socialization of China within the global community will result in a shift in national behavior from one focused on China's

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<sup>48</sup> Samuel S. Kim, "China as a Great Power," *Current History*, 96 (September 1997) [archived journal article online]; available from <http://www.currenthistory.com/archivesep97/Kim.html>; Internet; accessed 10 December 2005.

<sup>49</sup> Ibid., Internet.

<sup>50</sup> Ibid., Internet.

<sup>51</sup> Ibid., Internet.

<sup>52</sup> Ibid., Internet.

<sup>53</sup> Zhongying Pang, "China as a Normal State? Understanding China's Unfinished Transformation from a State Socialisation Perspective," *The Journal of East Asian Affairs* 18, no. 2 (Fall/Winter 2004): 341

interests (power) and values (culture) to one of shared international norms.<sup>54</sup> This would appear to indicate that China just needs more time to acclimate to the expectations of the international system. Pang notes that China's late entrance into the Westphalia nation system and its self imposed isolation during the Mao years are principally responsible for China's weak socialization with the international community.<sup>55</sup> Similar to a liberal view, this constructivist view would indicate China's perceptions and reactions to the global community should be moderating following its ongoing participation in multilateral regimes.

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<sup>54</sup> Zhongying Pang, "China as a Normal State?," 343-344.

<sup>55</sup> Ibid., 346.

### **III. SINO-AMERICAN ECONOMIC CONSIDERATIONS**

#### **A. INTRODUCTION**

The 1978 decision by the Chinese Communist Party to overhaul its centrally planned economy in favor of a market-oriented system marked a momentous point in the evolution of modern China. Previously, the command economy displayed the same xenophobic tendencies as the rest of the Communist controlled state apparatus. Under Mao Zedong inspired policy, the Chinese economy sought self sufficiency, seeking trade with outside nations only insofar as to provide what could not be produced or extracted domestically. Since initiating economic reforms in 1979, China has moved away from central planning toward a market economy with considerable economic policy decentralization<sup>56</sup>. During this time, China actively sought out foreign investment and technology to help build an export-oriented economy. The results thus far have been impressive for the Chinese. China is currently one of the fastest growing economies in the world, with an annualized GDP growth of 9.3 percent since 1979.<sup>57</sup> Furthermore, Chinese export surpluses have helped fuel this rapid growth. As of 2003, China's annual trade surplus with the United States, Japan, and the European Union totaled over \$205 billion combined.<sup>58</sup>

As an ascending, export-oriented economic power, the PRC is reliant on foreign capital and access to overseas markets to fuel its growth. The gradual integration of China into the world economy over the past three decades has helped further its economic expansion and presented it with opportunities previously unexplored. In the process, this integration has resulted in both increased economic cooperation between China and the rest of the world, as well as new areas of friction unseen during the days of central economic planning. Whether the Taiwan question is resolved peacefully or maintains its status quo, these economic issues are likely to persist. Additionally, these issues may provide insight into the tenor of the Sino-American relationship.

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<sup>56</sup> Wayne M. Morrison, "China's Economic Conditions," Washington D.C.: Congressional Research Service, July 25, 2005, 1.

<sup>57</sup> Ibid, 2.

<sup>58</sup> Thomas Lum and Dick K. Nanto, "China's Trade with the United States and the World," Washington D.C.: Congressional Research Service, April 29, 2005, 14.

The United States faces several economic considerations with China, some that alternatively could be viewed as contentious or ameliorating. Chief among these concerns is the burgeoning U.S. trade deficit with China and its effect on the American job market. Closely tied to current account balance concerns are questions about China's currency peg and its seemingly unfair trade policies, particularly in light of its accession to the WTO. The mid-2005 attempt by the Chinese oil company CNOOC to acquire the American oil company Unocal underscored the growing competition for natural resources and interjected uncertainty regarding Chinese ownership of "strategically" important U.S. corporations. The increasingly close trade relationship between China and nations in Southeast Asia, Latin America, and elsewhere raises questions about the political ramifications of China's economic ascendance. Finally, the potential of a peaceful resolution to the Taiwan issue could accelerate movement towards a potential pan-East Asian economic zone with China as its pivot.

**B. THE INTERTWINING OF ECONOMIES: THE TRADE DEFICIT, THE CURRENCY PEG, AND THE WTO**

The dramatic increase in Chinese produced consumer goods is apparent whenever one visits a local Wal-Mart. Less apparent are the underlying ramifications of this influx of Chinese wares. The United States began running a trade deficit with China in 1983.<sup>59</sup> The connotation associated with this annually growing figure has become increasingly negative in recent years, largely due to the attendant loss of American jobs in various industries relocated to China. However, there are indications the United States has reaped a considerable windfall nonetheless from the flood of Chinese goods and from the outsourcing that made this torrent possible. Furthermore, one must ask whether the current pattern of trade indicates a convergence of Sino-American interests and whether such a pattern is sustainable.

The principle of comparative advantage states that a nation will gain from trade when it exports goods or services in which it has the greatest relative prepotency and imports those in which it has the least relative advantage.<sup>60</sup> This leads to an ideal allocation of resources to maximize productive efficiency. China's relative advantage

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<sup>59</sup> Lum and Nanto, "China's Trade with the United States and the World," 12.

<sup>60</sup> Thomas A. Pugel and Peter H. Lindert, *International Economics*, 11<sup>th</sup> ed., (Boston: Irwin McGraw-Hill, 2000), 38.



lies in labor intensive industries requiring semi-skilled workers, while its disadvantage is in resource, capital, and technology dependent industries.<sup>61</sup> According to the Heckscher-Ohlin theory of factor proportions, China will naturally export products that utilize its abundant production factors intensively and import those utilizing its scarce factors.<sup>62</sup> Due to these economic realities, free trade between China and the United States will have the long term effect of equalizing prices, allowing efficient specialization, and providing a net gain for each country.<sup>63</sup>

Labor intensive industries in China have an advantage over those in other parts of the world. However, the current trade deficit masks the fact that a significant portion of imports from Chinese shores come from foreign owned companies. China is an attractive alternative locale for worldwide manufacturers in a variety of industries ranging from textiles to auto parts manufacturing. Nonetheless, relocating manufacturing overseas is not ventured upon lightly. Conventional wisdom holds that businesses will only relocate if they can realize savings of at least ten to twenty percent after the move.<sup>64</sup> Considering the thirty-fold jump in annual foreign direct investment (FDI) in China and the corresponding 56,267 percent increase in exports by these foreign invested enterprises since 1986,<sup>65</sup> it is apparent industries around the world have realized considerable gains from their Chinese investments.

The windfall gained through low-cost Chinese manufacturing tends to be passed on to consumers, producing downward pricing pressure throughout an economy.<sup>66</sup> In a consumer-oriented economy, such as that of the United States, the effect of this downward pressure helps control prices, even when raw material prices rise, and helps those who consume more realize larger savings, further energizing the nation's

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<sup>61</sup> Leonard K. Cheng, "China's Economic Benefits from Its WTO Membership," *Center for Economic Development, Hong Kong University of Science and Technology*, December 1999; available from [http://www.bm.ust.hk/~ced/nw\\_benefit.htm](http://www.bm.ust.hk/~ced/nw_benefit.htm); Internet; accessed 7 November 2005.

<sup>62</sup> Pugel and Lindert, *International Economics*, 56.

<sup>63</sup> Ibid., 62-63.

<sup>64</sup> Ted C. Fishman, *China Inc.*, (New York: Scribner, 2005), 253.

<sup>65</sup> Wayne Morrison & Marc Labonte, "China's Exchange Rate Peg: Economic Issues and Options for U.S. Trade Policy," Washington D.C.: Congressional Research Service, May 10, 2005, 15.

<sup>66</sup> Fishman, *China Inc.*, 254.

economy.<sup>67</sup> For comparison, the 2003 tax cut initiated by President George W. Bush provided a \$500 per-family stimulus to the American economy, roughly comparable to the per-family savings realized due to the effect of Chinese exports.<sup>68</sup> One could conclude from these facts that foreign investment in China has paid considerable economic dividends to the United States and other nations engaged in trade with the Chinese.

Aside from the economic benefits realized through importation of inexpensive Chinese made goods, there are indications liberalized trade with China is paying other dividends. Western powers have long eyed the vast Chinese population for its untapped potential as a consumer base. The National Association of Manufacturers underscored this view by endorsing China's membership in the WTO and strongly lobbying the U.S. Congress for approval of Chinese accession.<sup>69</sup> The burgeoning trade imbalance masks the fact that increased trade with China has resulted in a dramatic increase in U.S. exports to the PRC. Since 2000, U.S. exports to China have increased 112 percent, growing from 2.1 to 4.2 percent of aggregate U.S. exports during the five year period.<sup>70</sup> Consistent with the Heckscher-Ohlin theory, American exports of high technology equipment and value added materials experienced double digit growth in 2003.<sup>71</sup> As China's economy continues to grow and mature, U.S. exports are expected to continue this rapid pattern of growth,<sup>72</sup> suggesting a potential moderation of the trade deficit with China in the future.

The other side of the Chinese trade equation is the deleterious effect it has on certain industrial sectors competing with Chinese goods. Whereas Chinese imports are a boon to American consumers, they are perceived to come at the expense of American production jobs. The American textile industry has been particularly hard hit by the

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<sup>67</sup> Fishman, *China Inc.*, 254-255.

<sup>68</sup> According to Gary Clyde Hufbauer of the Institute for International Economics in Washington, Chinese produced goods provide savings equivalent of a \$500 annual tax cut to an average American household. See Fishman, *China Inc.*, 254.

<sup>69</sup> William Primosch, "Review of China's Compliance with its WTO Accession Commitments," [report on-line] (Washington D.C.: National Association of Manufacturers, 15 September, 2004, accessed 7 November 2005), 1; available at [http://www.nam.org/s\\_nam/bin.asp?TrackID=&SID=1&DID=234076&CID=420&VID=2](http://www.nam.org/s_nam/bin.asp?TrackID=&SID=1&DID=234076&CID=420&VID=2); Internet.

<sup>70</sup> Morrison and Labonte, "China's Exchange Rate Peg," 17-18.

<sup>71</sup> Primosch, "Review of China's Compliance," 1.

<sup>72</sup> Morrison and Labonte, "China's Exchange Rate Peg," 17.

influx of Chinese made clothing, leading to threats of American protectionism for the foundering textile sector.<sup>73</sup> Additionally, there are concerns the threat from Chinese imports may be expanding. For example, imports of Chinese made computer equipment grew 255 percent from 2000 to 2004,<sup>74</sup> portending a growing technical competence within Chinese manufacturing and perhaps threatening more skilled American professions in the future. This fact is particularly foreboding when one considers the commitment Beijing has placed on creating 100 world class universities, already coaxing high technology firms such as Intel, General Electric, and IBM to relocate some operations to China.<sup>75</sup> Other domestic industries currently feeling pressure from Chinese imports include furniture, machined metal parts and fixtures, and some categories of machinery.<sup>76</sup> Although there is no concrete link between recent job losses and Chinese imports, <sup>77</sup> a perception exists that the American labor is being supplanted by Chinese labor. Taken alone, these issues would appear to support the bleak picture many paint regarding the trade deficit.

China's currency peg is often cited by those critical of Chinese trade practices as yet another harbinger of economic doom from Chinese shores. However, both the economic benefits to the United States of the pegged yuan and China's reaction to U.S. pressure to reassess its monetary practices are often lost in this criticism. Originally conceived in 1997 at 8.3 yuan per dollar, the peg provides stability between the yuan and the dollar, increases the credibility of the China's monetary authorities, and fosters capital integration with the United States.<sup>78</sup> As the Chinese economy boomed and demand for its goods increased through the late 1990s and early 2000s, world demand for its currency

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<sup>73</sup> U.S. Department of Commerce, "Report to the Congressional Textile Caucus on the Administration's Efforts on Textile Issues," [report on-line] (Washington D.C.: U.S. Department of Commerce, September, 2002, accessed 7 November 2005); available at [http://www.commerce.gov/opa/press/Secretary\\_Evans/2002\\_Releases/Sept\\_18\\_Textile\\_report.htm](http://www.commerce.gov/opa/press/Secretary_Evans/2002_Releases/Sept_18_Textile_report.htm); Internet.

<sup>74</sup> Morrison & Labonte, "China's Exchange Rate Peg," 17.

<sup>75</sup> Kathryn Wallace, "America's Brain Drain Crisis," *Reader's Digest*, (December 2005): 111.

<sup>76</sup> Primosch, "Review of China's Compliance," 2.

<sup>77</sup> Morrison & Labonte, "China's Exchange Rate Peg," 21.

<sup>78</sup> A fixed currency also limits flexibility and increases the possibility of speculative attack, but China mitigates these threats by placing capital controls on foreign currency and closely regulating private access to foreign currency. See Morrison & Labonte, "China's Exchange Rate Peg," 7.

grew.<sup>79</sup> The Chinese maintain a stable currency peg by increasing their supply of foreign capital reserves, frequently purchasing interest bearing U.S. Treasury securities.<sup>80</sup> This has the effect of maintaining the yuan at an artificially low trading value, making Chinese exports less expensive than they would normally be and inflating the cost of foreign imports to China. While the peg has kept the yuan undervalued, there are disagreements regarding the severity of undervaluation and its impact on the United States. The National Association of Manufacturers, citing a 40 percent yuan undervaluation, asserts China's currency manipulation is a blatant violation of the General Agreement on Tariffs and Trade (GATT), acts as a de facto trade barrier for U.S. goods, and provides an unfair subsidy to Chinese exports.<sup>81</sup> More modest estimates place the undervaluation in the 9.5 to 15 percent range.<sup>82</sup> While some small and medium sized firms competing with Chinese imports are negatively affected by the undervalued yuan, larger manufacturers who import Chinese-made components for inclusion in domestically produced products are experiencing increased outputs and competitiveness on world markets.<sup>83</sup> Furthermore, there is also evidence the peg has directly benefited the broader U.S. economy. The Chinese purchase of U.S. debt obligations to support its monetary policy has financed the most recent American economic recovery and helped draw the fates of the two economies even closer together.<sup>84</sup> This intertwining of American and Chinese interests may partially explain China's acquiescence towards concerns regarding its monetary policy. On 21 July 2005 China announced a 2.1 percent upward revaluation of the yuan, coupled with a redefinition of the currency versus a basket of world currencies instead of solely versus the dollar.<sup>85</sup> This revaluation and removal of the dollar as the

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<sup>79</sup> Morrison & Labonte, "China's Exchange Rate Peg," 3.

<sup>80</sup> Ibid., 3-4.

<sup>81</sup> Primosch, "Review of China's Compliance," 3.4.

<sup>82</sup> Morrison & Labonte, "China's Exchange Rate Peg," 9.

<sup>83</sup> Ibid., 19-20.

<sup>84</sup> Rather than selling its reserve of U.S. dollars, China lends them to the United States in the form of purchases of U.S. bonds, driving down their yields and providing a depressive effect on overall interest rates, fueling American consumption. Since China purchases debt issued by Fannie Mae and Freddie Mac, China has helped finance the recent American housing boom, often cited as a primary source of the economic recovery. See Fishman, *China Inc.*, 262-265.

<sup>85</sup> The yuan has a narrow, managed band in which it may fluctuate (amounting to a de facto peg). See Barry Eichengreen, "China's New Exchange Rate Regime," *Current History* 104, no. 683, (September 2005): 264.

sole defining currency could be viewed as an initial step towards a middle of the road compromise with American critics. The limited monetary flexibility displays a willingness to assuage American concerns while allowing China time to further reform its underdeveloped financial system.<sup>86</sup> If this is indeed movement towards addressing a contentious Sino-American economic issue, American manufacturers are hopeful this portends Chinese action on other concerns.

While economic reforms provided a symbolic opening of China to the world, its December 2001 inclusion in the WTO could be viewed as its accession to the global economic mainstream after 15 years of negotiations. Stymied due to concerns regarding its capacity to participate fairly in the trade regime, China achieved WTO membership only after negotiating a phased reduction of various tariff and non-tariff trade barriers.<sup>87</sup> This extended approach was designed to shield China's reforming state-owned enterprises (SOEs) and financial sector from the sudden shock of liberalized free trade, allowing the nation time to adjust to the import expectations of the new regime.<sup>88</sup> Among the details of the agreement, China acceded to a maximum phase in period of five years for non-tariff barriers, with most restrictions to be lowered by 2002.<sup>89</sup> However, China continues to impose various barriers to American imports, including a discriminatory application of value added taxes and imposition of unreasonable standards on certain U.S. goods.<sup>90</sup> While these could be excused as delays to the original accession agreement, there are other violations of WTO standards that call into question China's willingness to conform to the free trade organization it fought so hard to join. China provides various financial subsidies to certain export industries, allowing Chinese goods

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<sup>86</sup> Morrison & Labonte, "China's Exchange Rate Peg," 25.

<sup>87</sup> Yongzheng Yang, "China's WTO accession: why has it taken so long?," *Asia Pacific Press* [working paper on-line], (Australia: Australian National University, 2000, accessed 10 November 2005), 4-5; available at <http://unpan1.un.org/intradoc/groups/public/documents/APCITY/UNPAN002258.pdf>; Internet.

<sup>88</sup> Ibid., 7-8.

<sup>89</sup> Ibid., 5-6.

<sup>90</sup> Primosch, "Review of China's Compliance," 6-7.

to be sold well below market prices overseas.<sup>91</sup> The lax enforcement of intellectual property rights within China not only leads to unfair competition for imported American goods in China, but also in several regional countries that are destinations for counterfeit Chinese wares.<sup>92</sup> Some have attributed China's willingness to "bend the rules" to its pursuit of new found opportunity in the light of its recent history of foreign exploitation.<sup>93</sup> While China is arguably still becoming acquainted with the expectations of the WTO, its long term reaction to these serious trade issues may indicate whether it is indeed seeking to enter the economic mainstream, or merely looking to have its cake and eat it too.

The current Sino-American trade relationship has clearly benefited both nations. The loosening of state controls, the opening to foreign trade, and the attendant influx of foreign capital has raised the standard of living in China and, in Deng Xiaoping's words, "delivered the goods" to the Chinese people.<sup>94</sup> Conversely, the consumer oriented American economy has reaped an invisible economic windfall due to the ascendance of China. The growing economic importance of China to the United States could help explain why the Bush Administration gradually moderated its stance towards China as the American economy faltered during the first years of the new millennium. While there is obviously convergence of interests, there are several areas of contention in the intertwined Sino-American economic relationship. Each nation's participation in the WTO should facilitate greater cooperation and help ameliorate the issues between the two countries. If the two nations work through the WTO and other economic regimes, such as the Asian Pacific Economic Cooperation (APEC), in a timely manner to address issues, it would suggest a triumph for liberalism. However, China's shortcomings vis-à-vis WTO compliance could indicate a predisposition to defection and furthering self-interest. This would suggest a neo-realist approach to its economic relationship with the

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<sup>91</sup> Chinese banks, receiving subsidized interest rates from the government, frequently lend to money losing and insolvent manufacturers, permitting them to stay in business. Additionally, there is anecdotal information that local governments are providing direct and indirect financial incentives that help keep companies solvent. These subsidies occasionally allow goods to be sold overseas for less than the cost of the raw materials used in manufacturing. See Primosch, "Review of China's Compliance," 4-5.

<sup>92</sup> Ibid., 4-5.

<sup>93</sup> Fishman, *China Inc.*, 252.

<sup>94</sup> Kenneth Lieberthal, *Governing China: From Revolution Through Reform*, (New York: W. W. Norton, 1995), 126-127.

United States and dims hopes for an institutional solution to economic issues. Despite its accession to the WTO, China may still view itself as a nation threatened by outside economic exploitation and requiring special accommodation. However, this constructivist argument loses traction when considering the lengthy vetting process China endured to become a WTO member and the considerations afforded after attaining membership. While China has begun to address some issues, its efforts have occasionally been criticized for being just enough to “save face,”<sup>95</sup> and not indicative of a change in attitude.

### C. RESOURCE COMPETITION: THE QUESTION OF OIL

The burgeoning Chinese economy has resulted in a skyrocketing demand for imported resources to feed and fuel its growth. Since 1998, Chinese wood imports grew 160 percent, iron and steel imports increased 306 percent, copper imports have grown 377 percent, and petroleum product imports are up 616 percent.<sup>96</sup> The dramatic acceleration of Chinese oil demand is of particular concern, especially when considering China was a net exporter of oil as recently as 1995.<sup>97</sup> China’s appetite for oil is expected to escalate from its current 7.2 million barrels per day (mbd) to nearly 12.9 mbd by 2025.<sup>98</sup> This Chinese demand is likely to cause world petroleum prices to increase over the long term, especially as automobile use grows within the PRC.<sup>99</sup> China is increasingly taking steps to secure its energy future which could be viewed as deleterious to long term U.S. interests.

The Chinese government is the principal shareholder of the four primary corporations—China National Petroleum Corporation (CNPC), China Petroleum & Chemical Corporation (Sinopec), the China National Offshore Oil Corporation (CNOOC), and China National Star Petroleum (merged with Sinopec in 2000)—

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<sup>95</sup> Ted Fishman, interview by Neil Cavuto, *Your World with Neil Cavuto*, television program, 17 October 2005, Fox News Channel.

<sup>96</sup> Lum and Nanto, “China’s Trade with the United States and the World,” 9.

<sup>97</sup> Ibid., 10.

<sup>98</sup> Dick K. Nanto, James K. Jackson, Wayne M. Morrison, and Lawrence Kumins, “China and the CNOOC Bid for Unocal: Issues for Congress,” Washington D.C.: Congressional Research Service, September 15, 2005, 3.

<sup>99</sup> Fishman, *China Inc.*, 118.

responsible for supplying China with petroleum products.<sup>100</sup> Each of these firms has increasingly sought equity stakes in oil and natural gas fields in Central Asia, the Middle East, Southeast Asia, Canada, and Latin America.<sup>101</sup> While U.S. corporations also hold considerable equity interest in overseas oil fields, the U.S. government is not a primary shareholder of these corporations and thus does not possess de facto ownership of the fields. The concern regarding the PRC government's control of its oil industries is twofold. First, it could signal Beijing's discomfort with allowing market forces to dictate its energy prices.<sup>102</sup> Secondly, China may view ownership as a vehicle to both extract political benefits from those oil producing nations, as well as an obligation to provide international political assistance to those same nations.<sup>103</sup>

The warming relationship between China and Iran illustrates the political concern borne out of an economic convenience. Sinopec is preparing to sign a \$70 billion natural gas agreement with Tehran that will import over 270 million tons of natural gas over the next 30 years.<sup>104</sup> Iran's deputy minister of petroleum underscored the geopolitical significance of this deal when he stated: "(W)hat we have right now is trade with China, but when we invest in each other for 30 years, this is a marriage."<sup>105</sup> This impending marriage may have influenced China to categorically oppose military action against Tehran for its clandestine nuclear program, and has likely led to Beijing's indifference regarding Iran's policies on nuclear weapons and human rights.<sup>106</sup> Beyond the political considerations, China's expanding relationship with Iran shifts the Muslim nation's economic focus away from the West and threatens to freeze America out of future hydrocarbon discoveries within Iran's borders.<sup>107</sup> The United States faces a similar dilemma closer to its shores.

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<sup>100</sup> Nanto, Jackson, Morrison, and Kumins, "China and the CNOOC Bid for Unocal," 4.

<sup>101</sup> Ibid., 4-5.

<sup>102</sup> Ibid., 5.

<sup>103</sup> Ibid., 5.

<sup>104</sup> Vivienne Walt, "Iran Looks East," *Fortune* 151, no. 4, (February 21 2005): 88-89.

<sup>105</sup> Ibid., 88.

<sup>106</sup> Ibid., 92.

<sup>107</sup> Ibid., 92.



China's courtship of the leftist governments in Venezuela and Brazil could likewise threaten U.S. access to vital oil reserves. Underscored by the November 2004 \$10 billion energy agreement, China is increasingly engaged with Brazil's state-owned oil company, Petrobras.<sup>108</sup> The relationship being forged between Petrobras and China's CNOOC includes studying the feasibility of joint operations (exploration, drilling, and delivery) around the world.<sup>109</sup> Perhaps more serious, the budding Sino-Venezuelan energy pact could endanger vital American access to Venezuelan petroleum. As American relations with Venezuelan President Hugo Chavez worsened following his 1999 election, Venezuela drew closer to the PRC. Punctuating his disdain for America and the potential shift in his nation's energy exports, Chavez stated in December 2004: "100 years of domination by the United States...now we are free, and place this oil at the disposal of the great Chinese fatherland."<sup>110</sup> Chavez appeared to follow through on his statement by signing a series of energy agreements with China on January 29, 2005. Among other things, the agreements commit CNPC to spend over \$400 million developing Venezuelan oil and natural gas reserves.<sup>111</sup> Furthermore, Venezuela's state oil company is receiving Iranian tutelage on how to expand access to Asian oil markets.<sup>112</sup> Like the Sino-Iranian relationship, the Sino-Venezuelan entente appears to exploit a political rift between the oil exporting nation and the United States, suggesting opportunism. However, China's pursuit of energy resources is not limited to American foes. China is increasingly engaged with Canada to develop gas, nuclear, and oil sources—including huge petroleum deposits locked in Alberta's oil sands—for mutual use.<sup>113</sup> This fact is notable due to the relative disinterest American oil companies have shown towards the difficult to extract oil sand. While China's quest for energy resources

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<sup>108</sup> Kerry Dumbaugh and Mark P. Sullivan, "China's Growing Interest In Latin America," Washington D.C.: Congressional Research Service, April 20, 2005, 3.

<sup>109</sup> Ibid., 3.

<sup>110</sup> Juan Forero, "China's oil diplomacy in Latin America," *New York Times*, March 1, 2005, quoted in Kerry Dumbaugh and Mark P. Sullivan, "China's Growing Interest In Latin America," Washington D.C.: Congressional Research Service, April 20, 2005, 4.

<sup>111</sup> Dumbaugh and Sullivan, "China's Growing Interest in Latin America," 3-4.

<sup>112</sup> Ibid., 4.

<sup>113</sup> Dumbaugh, "China-U.S. Relations," 14.

close to American shores is perhaps disconcerting, the mid-2005 attempt to purchase an American oil company raised new strategic concerns.

On June 23, 2005, CNOOC announced an \$18.5 billion cash bid for the U.S. oil company Unocal, topping a rival bid by U.S. Chevron by \$1.5 billion.<sup>114</sup> In its bid, CNOOC promised not to lay off Unocal workers (in contrast to Chevron's proposal) and reassured American regulatory authorities that Unocal production in the Gulf of Mexico would continue to be delivered to U.S. refineries.<sup>115</sup> CNOOC's principal interest in Unocal appeared to be targeted at its Asian natural gas assets in Indonesia, Thailand, and the Caspian Sea basin.<sup>116</sup> Nonetheless, CNOOC's bid raised U.S. concerns specifically due to the PRC government's controlling interest in the oil company.<sup>117</sup> Additionally, U.S. lawmakers questioned the reciprocity that would be afforded a U.S. company were it to attempt to purchase a Chinese oil company.<sup>118</sup> Ultimately, CNOOC rescinded its offer and Chevron succeeded in purchasing Unocal.

In retrospect, CNOOC's failed bid and the apparent competition for petroleum resources raise several issues that ultimately help frame the broader Sino-American relationship. First, foreign ownership of oil companies is commonplace in the United States. Several foreign corporations (Great Britain's BP, the Netherlands' Royal Dutch Petroleum, and Venezuela's CITGO) control a large share of America's production and refining capacity.<sup>119</sup> The opposition CNOOC faced was borne largely out of a perception that China is not participating fairly in the free trade environment. State ownership and

<sup>114</sup> Xie Ye, "CNOOC launches bid for Unocal take-over," *China Daily*, June 24 2005, 1.

<sup>115</sup> *Ibid.*, 1.

<sup>116</sup> *Ibid.*, 1.

<sup>117</sup> American authorities cited questions regarding three vital U.S. national interests: security (allowing a company majority owned by a potentially hostile nation access to strategic resources and dual use technology), prosperity (the fairness of permitting a state funded company to participate in a free market transaction), and value preservation (whether this transaction would further U.S. goals of democracy and human rights). See Nanto, Jackson, Morrison, and Kumins, "China and the CNOOC Bid for Unocal," 1-2.

<sup>118</sup> Senator Charles Schumer (D-NY) published a report highly critical of Chinese management of foreign investment and concluded a U.S. oil company would not be allowed to purchase a majority interest in a Chinese oil company. See Charles E. Schumer, "China's One-way Street on Foreign Direct Investment and Market Access," [report on-line] (Washington D.C.: Office of Senator Charles E. Schumer, August 18, 2005, accessed 10 November 2005); available at [http://schumer.senate.gov/SchumerWebsite/pressroom/special\\_reports/2005/08.18.05%20China%20Report.pdf](http://schumer.senate.gov/SchumerWebsite/pressroom/special_reports/2005/08.18.05%20China%20Report.pdf); Internet.

<sup>119</sup> Nanto, Jackson, Morrison, and Kumins, "China and the CNOOC Bid for Unocal," 11.

financial backing of China's main oil companies exacerbates this perception and engenders mistrust among American politicians towards China. Secondly, the rising global demand for oil has arguably caused each nation to address the other in a manner reminiscent of a neo-realist approach or Hobbesian social construction. The mistrust America feels towards China causes it to fret over Chinese relationships with oil rich neighbors and an attempt to purchase a domestic oil company, while its own oil companies extract resources from areas strategically important to the Chinese. Similarly, the Chinese ostensibly attempt to utilize the liberalized trade ethos to support their Unocal bid, while guarding their domestic oil industry from the same kind foreign intrusion. Finally, opportunism appears to play a role in the growing resource competition, further reinforcing neo-realism or Hobbesian social construction.

#### **D. TRADE RELATIONSHIPS AND CHINESE LEADERSHIP**

China is increasingly utilizing its growing economic power to bolster its political position. This trend is not surprising, roughly approximating the United States' own global political ascendance commensurate with the growth of its economic stature. However, there are indications China may utilize its economic power to challenge U.S. interests, perhaps attempting to supplant America's position in Asia. Furthermore, China's blending of economic and political interests increasingly confronts U.S. interests.

Inferring China's potential to challenge U.S. interests in Asia begins with an investigation into its attempts to use economic means to guide Taiwan towards PRC control. A hypothetical reunion of Taiwan and the PRC is predicated upon Taiwan's growing economic dependence on the mainland and the ability of China's attractive economic opportunities to influence political change on the island.<sup>120</sup> China has supplanted the United States as Taiwan's largest trading partner, running an annual \$51.2 billion trade deficit with the island in 2004.<sup>121</sup> China is also attempting to incorporate Taiwan in a Chinese Free Trade Area, perhaps seeing value in economic integration as a precursor to a political merger.<sup>122</sup> This suggests an attempt to influence Taiwan politically through economic means.

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<sup>120</sup> Tucker, "If Taiwan Chooses Unification," 16.

<sup>121</sup> Lum and Nanto, "China's Trade with the United States and the World," 6.

<sup>122</sup> Tucker, "If Taiwan Chooses Unification," 17.

China has made clear its political intentions regarding Taiwan. Interestingly, the PRC may be attempting to employ a similar economic methodology to influence governments around the Pacific Rim. As with Taiwan, China runs trade deficits with its Northeast Asian neighbors South Korea (\$34.2 billion) and Japan (\$20.7 billion).<sup>123</sup> Furthermore, China's demand for raw materials has led to surging imports from Association of Southeast Asian Nations (ASEAN) countries, leading to trade deficits with Malaysia (\$10 billion), Thailand (\$5.7 billion), and the Philippines (\$4.8 billion).<sup>124</sup> Also similar to its Taiwan strategy, China is increasingly taking the lead in efforts to unify Asian trade efforts. China is in the process of negotiating a free trade zone with ASEAN due to go into effect in 2010.<sup>125</sup> Additionally, in June 2004 the Chinese Ambassador to Malaysia indicated his government's interest in eventual establishment of a common Asian currency, potentially leading to development of a pluralistic pan-Asian arrangement analogous to the European Union.<sup>126</sup> One could argue that China's participation in multilateral regimes is encouraging and will help moderate less desirable aspects of the PRC. However, it is possible China will seek to dominate a pan-Asian economic arrangement. This is particularly notable when considering Chinese analyst Wang Yizhou's statement in a 2000 article that in the future China should be "exercising positive and increasingly dominant influence in the Asia-Pacific region and working to become a globally influential country."<sup>127</sup> Furthermore, former Singapore Prime Minister Lee Kuan Yew has predicted East Asia will move towards an economic system where China will become the leading agent.<sup>128</sup> Whether Chinese ascendance to an economic leadership position in Asia would signal problems for American interests is

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<sup>123</sup> 2004 figures. See Lum and Nanto, "China's Trade with the United States and the World," 6.

<sup>124</sup> Ibid., 6.

<sup>125</sup> Lum and Nanto, "China's Trade with the United States and the World," 11.

<sup>126</sup> Wang Feng, "PRC Ambassador to Malaysia Reveals ASEAN Plans to Change Name," *Hong Kong Wen Wei Po*, June 18 2004, A9.

<sup>127</sup> Wang Yizhou, "Chinese Diplomacy Oriented toward the 21<sup>st</sup> Century: Pursuing and Balancing Three Needs" (in Chinese), *Zhanlue yu guanli* [Strategy and management], 15 February 2000, 18-27, in Foreign Broadcast Information Service, February 15 2001, Document ID: CPP200000215000115. Cited in Gaye Christoffersen, "The Role of East Asia in Sino-American Relations," *Asian Survey* 42, no. 3 (2002): 374.

<sup>128</sup> Lee Kuan Yew, interview by Hans Hoyng and Andreas Lorenz, "It's Stupid to be Afraid," *Der Spiegel*, [magazine article on-line], August 8 2005, available from <http://service.spiegel.de/cache/international/spiegel/0,1518,369128,00.html>; Internet; accessed 13 October 2005.

debatable. On one hand, leadership in a multilateral framework would provide checks and balances that would likely encourage strong continued American participation in the pan-Asian economy. On the other hand, supplanting America's position as arguably the leading economic power in the region could lead to an erosion of political prestige and influence. If China does achieve the economic leadership position, how will it lead? Recent examples call into question Chinese objectivity in the face of economic gain, perhaps suggesting ulterior motives.

China has shown a predilection towards abuse of its position as a leader at the United Nations. In two instances, China appears to have sought economic aggrandizement at the expense of its Security Council responsibilities. As one of five permanent members of the UN Security Council, China had direct control over the Iraq Oil-for-Food (OFF) Program. Ostensibly existing for humanitarian reasons, the OFF Program allowed Saddam Hussein to launder more than \$10 billion for personal use, often to purchase weapons prohibited under UN sanctions.<sup>129</sup> Saddam's top three trading partners under the OFF Program were France (\$2.9 billion), Russia (\$2.6 billion), and China (\$1.3 billion),<sup>130</sup> suggesting a measure of culpability in the corrupt program by the three members.<sup>131</sup> Given Iran's bellicose rhetoric towards Israel and its likely links to organized terrorist groups, its clandestine nuclear program presents a clear and present danger to world peace. However, China appears ready to subvert threatened UN sanctions designed to curb Iran's actions. Lu Chang Jin, a Chinese diplomat in Iran underscored his government's attitude when he said: "We don't care about the sanctions, and I don't think the Chinese government cares...we don't believe politics should be a part of business."<sup>132</sup>

## **E. SUMMARY**

China is an ascending economic power with growing political clout throughout the Pacific Rim and around the world. China's comparative advantage with respect to the

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<sup>129</sup> Bill Gertz, "Saddam misused oil-food program," *The Washington Times* (5 October 2004) [newspaper article online]; available from <http://washingtontimes.com/national/20041005-022528-7849r.htm>; Internet; accessed 10 December 2005.

<sup>130</sup> Fox News, "United Nations: Blood Money," *Breaking Point*, television program, Fox News Channel, 19 September 2004.

<sup>131</sup> Gertz, "Saddam misused oil-food program," Internet.

<sup>132</sup> Walt, "Iran Looks East," 92-95.

United States and other developed economies provides it with a natural trade surplus that fuels its acquisition of foreign monetary reserves. Conversely, its resource dependency requires it to apply these reserves towards securing its energy security. The likelihood of purely economic issues fomenting discord between the United States and China appears remote. Axelrod and Keohane note that shadow of the future considerations make negotiated settlements more likely in economic matters.<sup>133</sup> Since the losing side on an economic concern would almost certainly be able to retaliate later, it stands to reason that both sides should seek a cooperative resolution. While economic issues do not necessarily portend ill between the United States and China, they provide a context where challenges could arise. China appears to utilize the free trade mantra when convenient to suit its interests, but appears less accommodating when it does not benefit the PRC. Despite China's participation in various international economic and political regimes and integration into the world economic community, there are indications it is prone to defection to maximize national gain. China's comparatively slow reaction to WTO expectations is similarly mirrored in its economic-borne political support of rogue regimes such as Iran. The international community's economic interest in China appears to enable the PRC to flout certain rules, reinforcing China's predilection towards self interest. As China continues to leverage its economic growth for political gain, it is probable this pattern will continue. This suggests a neo-realist approach towards economic interests.

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<sup>133</sup> Axelrod and Keohane, *Achieving Cooperation*, 232.

## IV. SINO-AMERICAN SOCIO-POLITICAL CONSIDERATIONS

### A. INTRODUCTION

The socio-political relationship between the United States and China has changed considerably since the creation of the PRC. Originally bitter ideological enemies, each has somewhat moderated its position vis-à-vis the other. The Sino-American rapprochement of the 1970s not only brought these two Cold War rivals closer together, it helped lead China toward the global political mainstream. This mainstreaming included supplanting the ROC on the United Nation's Security Council as a permanent member with veto power. Through the 1980s, China simultaneously took steps toward developing international economic and political clout. However, China's integration into the world's political structure faltered following its reaction to the Tiananmen Square protests. Long interested in seeing the internal Chinese political landscape change, the United States took a particularly harsh view of the June 1989 events in Beijing.<sup>134</sup> The corresponding sanctions and condemnation reflected international disappointment in China's capacity to conform to norms of behavior expected of a responsible United Nations member. While China's economic success through the 1990s spurred its global political recovery,<sup>135</sup> doubts continue to linger, particularly within the United States, about China's willingness to accede to accepted norms of international behavior.

Adding to American concern is China's mercurial political strategy. Beijing maintains a calculated strategic ambiguity in its actions in an attempt to influence policies of international governments and the attitudes of foreign citizens.<sup>136</sup> While China publicly presents a non-threatening image with statements advocating its peaceful development and eschewing the use of force in settling international disputes, it maintains ambitious, less widely acknowledged national objectives that could be viewed with consternation by the global community.<sup>137</sup> Deng Xiaoping's "24-character strategy" provides insight into the nature of Chinese political maneuverings: "keep cool-headed to

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<sup>134</sup> Lieberthal, *Governing China*, xvii.

<sup>135</sup> Defense Department, *FY04 Report to Congress on PRC Military Power*, 10.

<sup>136</sup> *Ibid.*, 9.

<sup>137</sup> *Ibid.*, 9.

observe, be composed to make reactions, stand firmly, hide our capabilities and bide our time, never try to take the lead, and be able to accomplish something.”<sup>138</sup> Thus, it is possible that China seeks more than its stated goal of building a modernized, moderately prosperous society.<sup>139</sup>

Conversely, China feels increasing socio-political pressure from the United States that could sour the potential for closer relations. Over the past fifteen years, the United States has sent a series of mixed messages on how it views China. Following the Tiananmen Square massacre, the United States imposed trade sanctions and led the global condemnation of China’s actions. However, President George H. W. Bush blocked draconian Congressional initiatives to preserve basic trade and other relations, preventing a return to isolation for the PRC.<sup>140</sup> Presidential candidate William Clinton harshly criticized both the Bush administration’s “soft” policy and the Chinese themselves.<sup>141</sup> Following a somewhat aimless initial approach to Sino-American relations during the early part of the Clinton administration,<sup>142</sup> United States pursued a liberal institutionalist policy of strategic engagement and business investment in China during the late 1990s.<sup>143</sup> This is contrasted by the George W. Bush administration’s early neo-realist policy, sometimes referred to as “conengagement,” that emphasizes containment over engagement.<sup>144</sup> Much has been written criticizing the current administration’s hawkish stance towards China. However, the argument can be made that the previous administration did not actually forge the trust with China typically assumed. The “strategic ambiguity” historically pursued by American policy makers regarding Taiwan<sup>145</sup> and repeated American insistence on human rights reforms<sup>146</sup> have

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<sup>138</sup> Defense Department, *FY04 Report to Congress on PRC Military Power*, 9.

<sup>139</sup> Chinese National Government, *China’s National Defense in 2004* [document on-line], (Beijing: State Council Information Office, 2005, accessed 18 November 2005), 3; available at <http://www.nti.org/db/china/engdocs/ChWhitepaper2004.pdf>; Internet.

<sup>140</sup> Robert Sutter, “Congressional Pressures and U.S.-China Policy,” *Foreign Service Journal* 82, no. 5, May 2005, 26.

<sup>141</sup> *Ibid.*, 26.

<sup>142</sup> *Ibid.*, 26.

<sup>143</sup> Christoffersen, “The Role of East Asia in Sino-American Relations,” 389.

<sup>144</sup> *Ibid.*, 389.

<sup>145</sup> Kernacs, “The Future of U.S. Relations with Japan and China,” 3.

<sup>146</sup> Yahuda, *Politics of the Asia-Pacific*, 283.



and continue to irk Chinese leaders and present an obstacle toward greater cooperation. Additionally, the Chinese perceive American exceptionalism driving U.S. hopes for a “peaceful evolution” of the communist nation.<sup>147</sup> The end result of these pressures is a level of distrust within the Chinese government towards the United States. Whatever the cause, the engagement pursued by the Clinton administration and improved economic relationship have not moderated China’s perception based on strategic considerations that the United States is its principal obstacle to greater regional and global military influence.<sup>148</sup> This perception is likely driving current trends in Chinese foreign relations.

While the veiled unpredictability of Chinese intentions raises concern for the United States, America appears to the Chinese to be constraining their ascendance. These perceptions frame the broader socio-political relationship between the United States and China and suggest individual self interest clouding the potential for a more cooperative relationship between the two nations. Ideological differences and the rise of Chinese socio-political power present areas of contention between the two nations at present. While amelioration of the Taiwan question may appear to improve the Sino-American relationship, it could just as easily open additional areas of concern.

## **B. IDEOLOGICAL DIFFERENCES: THE QUESTION OF FREEDOM**

Although China has embraced greater economic liberalism, it has not similarly embraced broad socio-political reform. China remains a nation ruled by a communist party that occasionally employs repressive methods to maintain its primacy. This fact introduces a fissure in the Sino-American relationship.

The United States has defined its position as a global champion of greater freedom and human dignity. The 2002 National Security Strategy of the United States emphasizes:

In pursuit of our goals, our first imperative is to clarify what we stand for: the United States must defend liberty and justice because these principles

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<sup>147</sup> Yahuda, *Politics of the Asia-Pacific*, 213.

<sup>148</sup> Tom Donnelly, “China Without Illusions: Washington Wakes up to Beijing’s Intentions,” *The Weekly Standard* 7, no. 42, 29 July, 2002, as referenced in Kernacs, “The Future of U.S. Relations with Japan and China,” 3.

are right and true for all people everywhere. No nation owns these aspirations, and no nation is exempt from them.<sup>149</sup>

The American historical legacy of individual liberty and preservation of basic rights provides a societal basis for this perceived responsibility to spread freedom and justice throughout the world. The United States has utilized international regimes, such as the United Nations, to further this goal and occasionally places high emphasis on freedom and human rights issues in its bilateral relations with other states. The American relationship with China is an example where the United States says that it places a high premium on political and human rights reform. The United States pointedly asserts China is not presently on the correct national path according to the American ethos:

We welcome the emergence of a strong, peaceful, and prosperous China. The democratic development of China is crucial to that future. Yet, a quarter century after shedding the worst features of the Communist legacy, China's leaders have not yet made the next series of fundamental choices about the character of their state. ... Only by allowing the Chinese people to think, assemble, and worship freely can China reach its full potential.<sup>150</sup>

This American concern over China's internal reform may help fuel American angst regarding China's ability to conform to American democratic ideals.

Not surprisingly, China bristles at American criticism, particularly in light of the apparent double standard in American foreign policy. The Bush administration has made democratic nascency a pillar of his foreign policy.<sup>151</sup> However, this policy goal often conflicts with political reality as America finds itself supporting oppressive regimes that assuage security or economic concerns.<sup>152</sup> This tends to damage American credibility when calling on Beijing to institute democratic reforms. Meanwhile, China is championing its limited political reforms as indicative of its willingness to accede to norms of behavior. In the mid-1980s, the Communist government authorized democratic local elections in the nation's impoverished rural areas and somewhat diffused power among Chinese governing institutions on the national level.<sup>153</sup> Despite these limited

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<sup>149</sup> U.S. President, *The National Security Strategy of the United States* (Washington D.C.: GPO, 2002), 3.

<sup>150</sup> U.S. President, *The National Security Strategy of the United States*, 27-28.

<sup>151</sup> Jackson Diehl, "Democracy or Duplicity?," *The Washington Post*, 4 July 2005, sec. A, p. 17.

<sup>152</sup> *Ibid.*, 17.

<sup>153</sup> Huang Yasheng, "Why China Will Not Collapse," *Foreign Policy* 99 (Summer 1995): 60.

reforms, China maintained the primacy of party rule for the national government. China recently published a white paper on the results of its limited foray into democracy. While admitting China has an incomplete political democracy, the paper lauded the value of party rule in allowing the Chinese people “to become masters of their own country and society.”<sup>154</sup> Noted Chinese specialist Richard Baum postulated that Chinese leaders fear the nascent desire for political change within China would lead to a torrent of deleterious social expression if further democratic reforms were enacted.<sup>155</sup> The government apparently utilizes this pretext to constrain further political change at the moment. Additionally, China employs the same rationale to perpetuate human rights abuses, despite running counter to American ideals for international standards of behavior. Attempting to sway the International Olympic Committee, Liu Jingmin, Vice President of the Beijing 2008 Olympic Games Bid Committee, stated “(b)y allowing Beijing to host the Games you will help the development of human rights.”<sup>156</sup> China appeared to address international concerns regarding human rights reforms when the Chinese constitution was amended in March 2004 with the statement “the state respects and safeguards human rights.”<sup>157</sup> Yet China continues to violate internationally accepted norms by stifling freedom of expression, jailing and torturing political activists, denying freedom of association, and imposing punishment without benefit of an independent and impartial judiciary.<sup>158</sup> Furthermore, China restricts access of international human rights organizations from researching human rights activities and providing a watch dog capacity.<sup>159</sup> This suggests the Chinese government utilizes a two-fold approach to human rights. On one hand the government curries international favor with promises of change, while making only those reforms the government feels it can comfortably accommodate given the social landscape.

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<sup>154</sup> Jim Yardley, “Report Calls Communist Party Rule Essential to Democracy in China,” *New York Times*, 20 October 2005, sec. A, p. 5.

<sup>155</sup> *Ibid.*, 5.

<sup>156</sup> Amnesty International, *People’s Republic of China: The Olympics countdown – three years of human rights reform?* (London: Amnesty International, August 2005), 1, ASA 17/021/2005.

<sup>157</sup> *Ibid.*, 1.

<sup>158</sup> *Ibid.*, 2-6.

<sup>159</sup> *Ibid.*, 1.

Based on these differing national viewpoints, a logical conclusion would suggest difficulty in the political relationship between the United States and China. Each nation's government appears to have strongly held beliefs regarding the value of freedom and human rights. Furthermore, Chinese actions suggest possible duplicity, further confounding those interested in seeing China accede to international norms. A peaceful resolution of the Taiwan Strait issue, without genuine internal PRC reform, would seem to negate improved Sino-American relations.

### **C. THE RISE OF CHINESE SOCIO-POLITICAL POWER: ISSUES FOR THE UNITED STATES**

The cyclical nature of the Sino-American relationship has continued in the recent past, manifested by distrust of each player's intentions. This suggests a situation whereby the future of the relationship will possibly involve acrimony. Whether or not China is indeed a threat to American interests is best answered by considering the relative position of China to the United States. As a status quo power, the United States seeks to maintain the current world situation, while China, as a revisionist power, seeks to raise its relative position.<sup>160</sup> Avoiding conflict between these two competing powers would appear to rest on bringing China closer to the international community and building trust.<sup>161</sup> Despite participation by both countries in regional and extra-regional multilateral regimes, each appears to be following a neo-realist approach or Hobbesian construction toward the other.

#### **1. China's International Maneuverings**

Chinese foreign policy has historically taken a neo-realist tack in that entangling alliances and multilateral commitments are avoided as they restrict China's capacity for independent maneuver.<sup>162</sup> Considering this and the Chinese aptitude at playing adversaries off against each other,<sup>163</sup> one could look at recent events in Chinese foreign policy with a jaundiced eye. Chinese Premier Jiang Zemin formulated the "major power strategy" (MPS) based on former Premier Deng Xiaoping's two fold admonishment to avoid leadership positions in international relations and to "keep one's head down"—

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<sup>160</sup> Kernacs, "The Future of U.S. Relations with Japan and China," 1.

<sup>161</sup> Ibid., 1-2.

<sup>162</sup> Yahuda, *Politics of the Asia-Pacific*, 192.

<sup>163</sup> Ibid., 190, 192.

avoid confrontations in power politics.<sup>164</sup> Following the Chinese embassy bombing in 1999 and the domestic political-military fallout that ensued, Chinese foreign policy shifted towards the “good neighborly diplomacy,” whereby China placated surrounding countries so they would not join the United States in containing the Chinese.<sup>165</sup> It is interesting to note that this is not the first time the Chinese have attempted this strategy. In the mid-1950s, Beijing made an unsuccessful attempt to persuade countries in Southeast Asia to abandon Western alliances in favor of an Asian-centric partnership with China.<sup>166</sup>

Despite their historical aversion towards multilateral regimes, the Chinese are increasingly utilizing such arrangements, so long as they serve Chinese interests. Within the Asia-Pacific region, the “good neighborly diplomacy” may be driving China’s growing association with regional multilateral organizations, notably ASEAN (including ASEAN+3—AESAN nations plus China, Japan, and the Republic of Korea) and the ASEAN Regional Forum (ARF), and could explain the June 2004 suggestion by the Chinese ambassador to Malaysia for the eventual establishment of a common Asian currency and development of a pluralistic pan-Asian society.<sup>167</sup> The departure from the MPS reinforces the historical trend of China as a central actor in policy. While the PRC has historically frowned upon multilateral commitments, its current involvement with ASEAN is less a binding commitment than an association designed to bring China closer to regional nations.<sup>168</sup> A possible conclusion from current Chinese actions, contrasted against historical views, is an interest in using international institutions such as ASEAN and ARF to balance U.S. interests in the Pacific by playing Asian nations off against the American hegemon. If China is indeed courting its regional neighbors with this intent, it suggests a neo-realist strategy.

The Bush administration’s policy of conengagement is attributable to concerns over growing Chinese influence in the region and the implications on U.S. interests. The

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<sup>164</sup> Christoffersen, “The Role of East Asia in Sino-American Relations,” 372.

<sup>165</sup> Ibid., 373.

<sup>166</sup> Yahuda, *Politics of the Asia-Pacific*, 196.

<sup>167</sup> Feng, “PRC Ambassador to Malaysia Reveals ASEAN Plans to Change Name,” A9.

<sup>168</sup> Yahuda, *Politics of the Asia-Pacific*, 215-216.

RAND Corporation has recommended continued containment of China along with multilateral engagement to coax China's acceptance of international norms.<sup>169</sup> Furthermore, the recommendation also calls for strengthening U.S. bilateral alliances, notably with Japan, and in encouraging pan-Asian security dialogue that would evolve into a security framework.<sup>170</sup> This would appear to support a shift towards a cooler American foreign policy towards China while encouraging Japan to become independently involved in regional affairs.

While China arguably challenges American influence in the Asia-Pacific, it is increasingly flexing its international muscle outside the region. China has leveraged its economic clout to influence American neighbors in the Western hemisphere. Relationships with Canada, Venezuela, and Brazil reflect Chinese demand for natural resources such as oil and could indicate a Chinese desire to secure resources at the source, rather than in a market environment. Most of these Chinese relations tend to assuage certain Chinese interests.<sup>171</sup> These interests often include political objectives that may run counter to U.S. interests. For example, Beijing may be actively courting Latin American nations with the intent of diplomatically isolating Taiwan. Twelve Latin American nations recognize the Taiwanese government, but Chinese economic enticements could shift their perspective.<sup>172</sup> Dominica and Grenada have already broken ties with Taiwan following Chinese promises of assistance.<sup>173</sup> Furthermore, following reversion of the Panama Canal to Panamanian control in 1997, a Hong Kong company successfully bid for a contract controlling ports on both the Atlantic and Pacific

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<sup>169</sup> Zalmay Khalizad et al., *The United States and Asia: Toward a New U.S. Strategy and Force Posture* (Santa Monica: RAND Report MR-1315-AF, May 2001). Cited in Christoffersen, "The Role of East Asia in Sino-American Relations," 385.

<sup>170</sup> Ibid., 385.

<sup>171</sup> U.S.-China Economic and Security Review Commission, *2005 Report to Congress* (Washington, D.C.: GPO, 2005), 11.

<sup>172</sup> Dumbaugh and Sullivan, "China's Growing Interest in Latin America," 4.

<sup>173</sup> Ibid., 4.

entrances, raising American concerns of Chinese control of the strategic waterway.<sup>174</sup> The obvious fear is acquiescence to Chinese goals among America's neighbors, jeopardizing American interests.

The United States ostensibly welcomes the rise of a peaceful and prosperous China.<sup>175</sup> However, some of China's less desirable political decisions have caused increasing consternation within Washington and other allied capitals. China frequently takes a value neutral approach to its relations, leading to nefarious collaborations with rogue regimes and extra-national figures.<sup>176</sup> China has a considerable track record of weapons of mass destruction (WMD) technology proliferation to the Middle East and South Asia.<sup>177</sup> Despite assurances that it is changing its practices, proliferated Chinese WMD technology may be threatening U.S. forces in Korea and the Middle East.<sup>178</sup> At best, this behavior would seem to indicate a reluctance to follow American perceived international norms of behavior for a responsible nation, casting doubt on China's ability to participate honestly in the international community. At worst, this behavior could be a calculated decision to destabilize certain areas in an attempt to distract an American hegemon for Chinese gain. China's close relationship with North Korea represents a potential opportunity to exercise responsible participation in a multilateral effort to diffuse a global flashpoint. As North Korea's sole military ally and principal trading partner, China holds considerable sway over the reclusive regime. Indeed, China has been instrumental in drawing North Korea to the 2005 six-party talks and was intimately involved in drafting the first joint statement where North Korea would agree to dismantle

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<sup>174</sup> The 1997 contract between Panama and a subsidiary of Hutchison Whampoa Limited, a Hong Kong based company with close ties to Beijing and the PLA, gave the Chinese company control over both coastal ports on the canal. This led Senator Trent Lott (R-MS) to caution then-Defense Secretary William Cohen that "U.S. naval ships will be at the mercy of Chinese-controlled pilots and could even be denied passage through the Panama Canal by Hutchison, an arm of the People's Liberation Army." Furthermore, the agreement gave Hutchison the right to lease the Rodman Naval Station or transfer contract rights to a third party of their choosing, raising concerns Cuba or some other American foe could gain entrance into the strategically important canal zone. See John J. Tierney, "Why Panama is a Vital National Interest," 1 [executive memorandum on-line] (Washington D.C.: The Heritage Foundation, August 19, 1999, accessed 10 December 2005); available at <http://www.heritage.org/Research/LatinAmerica/loader.cfm?url=/commonspot/security/getfile.cfm&PageID=18600>; Internet.

<sup>175</sup> U.S. President, *The National Security Strategy of the United States*, 27.

<sup>176</sup> U.S.-China Economic and Security Review Commission, *2005 Report to Congress*, 11.

<sup>177</sup> Dumbaugh, "China-U.S. Relations," 17.

<sup>178</sup> *Ibid.*, 17.

its nuclear program.<sup>179</sup> However, North Korea's continued intransigence, coupled with Beijing's continued provisioning of the Kim Jong Il regime, raises questions regarding China's willingness to apply necessary pressure to resolve the lingering crisis.<sup>180</sup> While Beijing has an overriding national interest in preventing a North Korean collapse and the attendant humanitarian crisis, its actions also perpetuate a difficult issue for American foreign policy and could cast doubt on American political credibility.

## **2. The Growing Sino-American Soft Power Competition**

Consistent with its efforts to moderate attitudes within China and foster greater openness within the communist nation, the United States utilizes cultural soft power—in the form of popular culture and cultural ideals—to coax acquiescence to the status quo. A parallel American strategy is to keep the Asia-Pacific region predominantly pro-American, thus facilitating bandwagoning and containment of China. Conversely, China has shown increasing capacity of its own to employ soft power to raise its relative position by appealing to regional nations. This may be viewed as an effort to whittle away at American hegemony in the Asia-Pacific. Furthermore, China could arguably be seeking to moderate American views of China and similarly attempt passive encirclement of the United States.

The marketization of China exposed the nation to the globalizing effects of the world economy. This provided the opportunity for American soft power to penetrate the communist nation and make startling inroads into the national consciousness. During the 1980s, the rapid Chinese economic growth created alternating periods of social liberalization and government retrenchment to halt loss of control—the so-called *fang-shou* (letting go and tightening up) cycle.<sup>181</sup> During the social liberalization cycles, authors wrote books and articles critical of the government, Western style rock bands singing protest music sprang up in urban areas, American movies and popular culture gained acceptance, and Western dress and social life came into vogue. Furthermore, the United States actively supplemented these indirect methods of soft power with direct

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<sup>179</sup> Dumbaugh, "China-U.S. Relations," 16.

<sup>180</sup> Ibid., 17.

<sup>181</sup> Richard Baum, "The Road to Tiananmen: Chinese Politics in the 1980s," in *The Politics of China: The Eras of Mao and Deng*, 2nd ed., ed. Roderick MacFarquhar (Cambridge: Cambridge University Press, 1997), 341.



“marketing” such as Voice of America and Radio Free Asia designed to perpetuate the universality of American ideals.<sup>182</sup> Ironically, these effects occurred during a period when China and the United States had somewhat drifted apart politically, suggesting the asymmetric effectiveness of soft power. The exposure to Western influences served as a catalyst for change within China, aiding the late 1980s student protests culminating in the 1989 Tiananmen Square showdown with the government. An example of the effectiveness of American soft power penetration played out before the world when Tiananmen Square democracy protesters erected an effigy called “The Goddess of Democracy,” an homage to the Statue of Liberty.

The Chinese crackdown that followed the Tiananmen Square protests, broadcast via international media outlets, brought worldwide condemnation for China’s abuse of human rights. Although less than one thousand Chinese perished in the response, China arguably received harsher international backlash for Tiananmen Square than it had following the repressive Cultural Revolution debacle where an estimated five hundred thousand died between 1966 and 1969. Through this experience, the Chinese not only gained an appreciation for the immediacy telecommunication media presents, but also the pervasiveness cultural exports in altering a social landscape. This negative experience with the global influence of soft power served as a learning experience for the next generation of Chinese leaders.

The communist government of China clearly faced a problem due to the social liberalization and permeation of outside influences ushered in by economic reforms. Furthermore, China abruptly discovered the power of the global media as broadcasts of the Tiananmen Square massacre brought international sanctions. However, China was well prepared to meet this challenge as it maintains considerable control within its borders with respect to the broadcast message. The state-controlled media in China have

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<sup>182</sup> India Brand Equity Foundation, “The Rising ‘Soft Power’ of China and India,” *Business Week* [uncredited magazine article on-line], May 30 2005, used with special permission by India Brand Equity Foundation, available from [http://www.ibef.org/artdisplay.aspx?cat\\_id=54&art\\_id=6275](http://www.ibef.org/artdisplay.aspx?cat_id=54&art_id=6275); Internet; accessed 2 December 2005.

been described as the “throat and tongue” of the party since their inception.<sup>183</sup> This means that anything reported by an organization such as Xinhua (the official news agency of the Chinese government) is propaganda, potentially blunting the effects of foreign soft power. During the 1990s, the communist party embraced nationalism as a method of gaining support for the party. Such nationalistic propaganda continues today, as evidenced by the highly inflammatory Chinese reporting of a July 2004 incident involving a Chinese businesswoman mistakenly attacked and apprehended by American FBI agents in Niagara Falls, New York. Although the incident received little coverage in the West, Chinese news outlets ran numerous hard news, op-ed, and personal interest stories targeted at Chinese citizens at home and abroad.<sup>184-185</sup> These articles not only derided American human rights actions in an attempt to impeach American cultural values, they directly engaged the nationalist spirit of Chinese citizens with an “us against them” message. Appealing to traditional values, nationalist efforts have had the effect of rallying the nation against perceived outside enemies and blunted the effectiveness of American soft power.

While American soft power has affected the social landscape within China, American strategy vis-à-vis China also seeks to maintain pro-American attitudes within the Asia-Pacific neighborhood. The United States is well positioned to utilize soft power to further this end. Joseph Nye identifies a trinity of characteristics required for nations to be capable of employing soft power in the global information age: 1) possession of a dominant culture whose ideas are closer to prevailing international norms; 2) access to multiple channels of communication, facilitating issue framing; and 3) credibility enhanced through domestic and international performance.<sup>186</sup> The United States’ active participation in several Asian multilateral institutions such as the ASEAN Regional

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<sup>183</sup> Linda Lynn, “China, Journalism and the State Series: Zhao Yan, a Story of Power Struggles, Leaks and Hunger Strikes,” *We Observe the World* [article on-line], February 8 2005, available from <http://josephbosco.com/wow2004/2005/02/china-journalism-and-state-series-zhao.html>; Internet; accessed 2 December 2005.

<sup>184</sup> “PRC Citizen Allegedly Beaten by U.S. Security Expresses Appreciation to Government,” *Ta Kung Pao*, Hong Kong [uncredited article translated and obtained through FBIS], 8 August 2004.

<sup>185</sup> Hai Lin, “Barbarous Acts of Violating Human Rights,” *Renmin Ribao*, Beijing [translated and obtained through FBIS], 29 July 2004.

<sup>186</sup> Joseph S. Nye Jr., *Power in the Global Information Age: From Realism to Globalization* (New York: Routledge, 2004), 90.

Forum (ARF) and the Asia-Pacific Economic Cooperation (APEC) helps reinforce the concept that American ideals are in line with the prevailing international norms. Ubiquitous American media such as CNN and the Associated Press promote favorable framing of issues pertinent to the United States. Within the Asia-Pacific, this favorable framing includes extensive coverage of such events as American-provided tsunami relief in early 2005. This outpouring of American aid through financial, logistical, and physical assistance served as a powerful reminder for many Asians of the American commitment to the region.<sup>187</sup> Such international actions reinforce American credibility. These examples show the United States is adroitly utilizing soft power to its advantage in the Asia Pacific, but how exactly does this affect the Sino-American relationship?

In addition to moderating Chinese views to facilitate their acceptance of the status quo, the United States is interested in maintaining the status quo around China. This translates into a pro-American attitude that will promote bandwagoning with American interests. Keeping the region in the American corner will thus hinder the Chinese from challenging American interests abroad. The aim of this containment reinforces the goal of encouraging Chinese acceptance of the status quo and preservation of America's position.

While America pursues soft power means to facilitate political ends, China is increasingly interested in applying the same tactic. Beyond the recent memories of Tiananmen Square, the Chinese have a considerable image problem within the Asia-Pacific. China's 1979 invasion of Vietnam conjured up images of an ancient middle kingdom asserting its will through force, and memories of the mania associated with the Cultural Revolution continue to echo in the region's consciousness. The PRC response has been to build upon its recent economic gains in an attempt to instill greater respect for China and produce a sense of fascination with the success experienced over the past twenty five years. The goal is to translate this "buzz" into real international clout that can aid Chinese foreign policy in the long term.<sup>188</sup> In some respects, China is emulating the path pursued by the United States in the post-World War II era—leveraging economic

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<sup>187</sup> Lee Kuan Yew, "Competition in Compassion," *Forbes* 175, no. 8 (18 April 2005), 39.

<sup>188</sup> Robert Marquand, "China's Banner Year Felt Abroad," *The Christian Science Monitor*, 27 January 2004, 6.

success to create a magnetic effect that attracts and influences other nations. Recent examples such as the extravagant January 2004 French courtship of Chinese favor<sup>189</sup> strongly suggest the Chinese are succeeding in creating a “buzz” that is attracting international attention.

Within the Asia-Pacific region, China is capitalizing on its successes to effectively counter American containment efforts. Beijing is moving with renewed confidence as it assuages neighbors’ fears of a menacing Chinese dragon and bolsters growing ties, particularly in Southeast Asia. China appears to be utilizing its growing stature to influence the political landscape of the region as a whole, and perhaps maneuvering the Asia-Pacific towards eventual Chinese leadership. During the fall 2003 APEC summit, the Chinese message of Asian solidarity and increasing Chinese investment in the region overshadowed President Bush’s message of anti-terror.<sup>190</sup> The Chinese followed this up with a June 2004 call for the eventual establishment of a common Asian currency and development of a pan-Asian society.<sup>191</sup>

While these examples show growth of Chinese influence through international actions and hint at Chinese acceptance of international norms, China still exhibits shortcomings in its exercise of soft power. Following the Indonesian tsunami, China appeared lost in the competitive international race to provide aid. Its final pledge of \$83 million looked just as paltry as its opening sum of \$3 million, when compared to pledges approaching \$1 billion from other major donor nations.<sup>192</sup> Furthermore, the United States clearly upstaged China through America’s employment of hard power military assets in a soft power role. Beyond freshman errors regarding international performance that somewhat tarnish credibility, China lags behind the United States in the first and second of Nye’s national characteristics necessary for soft power employment: possession of a dominant culture and access to media outlets for the purpose of message framing. Nonetheless, there are indications that this too is changing.

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<sup>189</sup> In January 2004, the French government hosted China’s top leader, Hu Jintao, and provided an unprecedented reception considered an attempt to foster better economic ties between Paris and Beijing. See Marquand, “China’s Banner Year Felt Abroad,” 6.

<sup>190</sup> Marquand, “China’s Banner Year Felt Abroad,” 6.

<sup>191</sup> Feng, “PRC Ambassador to Malaysia Reveals ASEAN Plans to Change Name,” A9.

<sup>192</sup> Yew, “Competition in Compassion,” 39.

Although state control of Chinese media allows it to effectively shape domestic opinion, its propagandistic nature dilutes the veracity of its message in foreign capitals. Nevertheless, China is increasingly taking a proactive approach towards shaping its media message abroad. This point is illustrated by Li Kun, associate professor at the Peking University School of Journalism and Communication, who states: “No other country in the world today spends as much money and manpower as China does just to create an image.”<sup>193</sup> The May 2005 expulsion of forty Chinese officials and journalists from Harvard’s Nieman Foundation underscores both the aggressive approach China is taking to frame issues pertinent to the PRC, as well as the ambivalence such actions generate among those in the liberal Western press. The Chinese journalists were due to attend training at Harvard, ostensibly to understand the operation of the free press in preparation for the invasion of foreign correspondents on China leading up to the 2008 Beijing Olympics.<sup>194</sup> However, alumni of the Harvard program successfully protested, arguing the real intent of the training was to facilitate manipulation of Western media for Chinese interests.<sup>195</sup> Beijing targets expatriate Chinese citizens with native language propaganda, hoping to employ their voices to shape opinion in such Western nations as the United States.<sup>196</sup> Although China lacks the plethora of communication channels at U.S. disposal, convincing evidence exists that China is utilizing those avenues available to frame a pro-China message with the intent of shaping Western opinion. Additionally, China is arguably moving forward to create a culturally dominant society.

Part of the basis of American soft power is the appeal of its popular culture. This attraction helps facilitate the dispersion of American ideals and helps create a positive image of the United States. At present, China does not export a ubiquitous soft drink such as Coca Cola, nor does the world watch a Chinese equivalent of “The Simpsons.” Nonetheless, China is taking steps to showcase all things Chinese in an attempt to project a Chinese message into the global consciousness. China is spending millions of dollars

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<sup>193</sup> India Brand Equity Foundation, “The Rising ‘Soft Power’ of China and India,” Internet.

<sup>194</sup> Howard Kurtz, “Nieman Bows to Protest, Cancels Chinese Media Training,” *The Washington Post*, 13 May 2005, sec. C, p. 3.

<sup>195</sup> *Ibid.*, 3.

<sup>196</sup> Jehangir Pocha, “The Rising ‘Soft Power’ of China and India,” *New Perspectives Quarterly* 20, no. 1 [magazine article on-line], Winter 2003, available from [http://www.digitainpq.org/archive/2003\\_winter/pocha.html](http://www.digitainpq.org/archive/2003_winter/pocha.html); Internet; accessed 2 December 2005.

on public relations abroad and has instructed its consular offices to aggressively promote Chinese cultural exports.<sup>197</sup> The effect of this public relations push could be responsible for the growing interjection of Chinese influence into the American experience. From Chinese movie stars such as Jackie Chan and Zhang Ziyi, to Chinese-born “Mission Impossible 2” director John Woo, to movies such as “Mulan” and “Crouching Tiger, Hidden Dragon” depicting Chinese settings, China is making inroads into American popular culture. Beyond using Chinese actors and directors, Hollywood is increasingly looking to mainland China as a source of opportunity. Several major American television and movie studios have signed joint ventures with China Central TV and China Film Group.<sup>198</sup> The net result of these business deals could be a two-fold windfall for China as it could perpetuate the gradual permeation of Chinese culture into American media, as well as professionalizing the entertainment and media industry in China. Perhaps the biggest public relations project currently facing China is its hosting of the 2008 Olympics in Beijing. China clearly recognizes the importance of this opportunity and is taking steps to ensure the world sees a vibrant, cosmopolitan China in 2008. These efforts are targeted at shaping foreign public opinion, particularly in the United States.

Beyond the cultural attraction China is creating, America is increasingly invested in Chinese business. This has had the interesting effect of splitting so called “blue team” conservatives, who favor a restrictive approach to the PRC, from business conservatives who favor closer relations with China.<sup>199</sup> Joseph Nye summarizes the potential concern this culmination of issues present to American foreign policy: “When a country gets very popular with the American public, it gets somewhat harder for Washington to follow a hard line against them.”<sup>200</sup> One could conclude that China is employing the same soft power tactics the United States has embraced in the past in an attempt to alter American social perceptions vis-à-vis China.

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<sup>197</sup> India Brand Equity Foundation, “The Rising ‘Soft Power’ of China and India,” Internet.

<sup>198</sup> Ibid., Internet.

<sup>199</sup> The Republican Party counts among its membership neo-realists who are concerned about the threat a rising China poses to American interests, as well as business-minded individuals who see economic opportunities in an ascendant China. This has led to some disagreement within the Republican Party regarding how to deal with China. See Murray Hiebert, “China’s Rising Clout Splits Republicans,” *The Wall Street Journal*, 27 October 2005, 4.

<sup>200</sup> Pocha, “The Rising ‘Soft Power’ of China and India,” Internet.

The net impact of the active use of soft power by both the United States and China would seem to suggest a vehicle towards positive social construction in each nation. Indeed, altering public perceptions of each other's rival could result in new found areas of cooperation and common ground. However, the nature of this soft power competition suggests neo-realist competition, not cooperative social construction. Each nation is attempting to shape the other's opinion based on its own interests. Furthermore, the restrictive nature of the Chinese government suggests a desire to quash certain foreign messages that could threaten its hold on power. Chinese censorship raises questions about its willingness to accept international norms of behavior. Beyond the soft power discussion, both the United States and China appear to view the other as an obstacle to its power. The measures each has taken to preserve or raise its position further reinforce the concept of a relationship based on neo-realist suppositions. It would appear that despite China's increasing participation in international regimes that the United States and China will continue this competitive pattern.

#### **D. ELIMINATION OF THE TAIWAN QUESTION: THE POLITICAL IMPLICATIONS**

The prospect of a peaceful ROC-PRC merger would appear to eliminate a source of considerable political friction between the United States and China, particularly if the United States played a role in facilitating reunification. The United States may attempt to pursue a negotiator's position in such an arrangement for one of several reasons. First, the United States could see reunification as a means towards internal political reform within a unified China. The United States could leverage its position with Taiwan to broker a merger that not only improves the economic and security situation throughout East Asia, but fosters democratic reforms within the PRC. Another possibility could involve an American realization that the integrative forces of cross-strait trade and investment make the status quo untenable.<sup>201</sup> In this situation, the United States may take a mediator's position to foster improved Sino-American relations, thus capitalizing on inevitability. A third, far less likely reason for the United States to facilitate reunification would be to avert a cross-strait military crisis that could threaten peace and prosperity throughout the Pacific Rim.<sup>202</sup> Under such a scenario, the United States may

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<sup>201</sup> Tucker, "If Taiwan Chooses Unification," 18.

<sup>202</sup> Ibid., 20-21.

consider it better to mediate a reunification than to risk a potential war with the PRC by supporting Taiwan. This third rationale is deemed unlikely as it runs counter to the intent of both the Taiwan Relations Act and the 2002 National Security Strategy of the United States.<sup>203</sup> Furthermore, Chinese bellicosity toward resolving the Taiwan issue is likely to raise, not lower political friction between the United States and China. One could conclude that the United States would actively engage in Sino-Taiwanese reunification if it provided some tangible post-reunification benefit. It is also logical to assume that U.S. engagement in the reunification process would entail American expectations of the Chinese, particularly in the first example. While the PRC would undoubtedly welcome reunification with Taiwan, it is possible it would chafe at foreign interference in its matters.

The 1997 assimilation of Hong Kong into the PRC presents a historical example of how China may react to foreign meddling. In 1982, Great Britain and China began negotiations on the issue of Hong Kong sovereignty. British Prime Minister Margaret Thatcher initially asked for an extension of the New Territories lease due to the prosperity the territory had enjoyed under British rule.<sup>204</sup> Thatcher was summarily rebuffed by Deng Xiaoping, who threatened use of force to reacquire Hong Kong.<sup>205</sup> Despite this tension, Great Britain and China arrived at a satisfactory compromise regarding the economic and political future of the former colony—the “One Country, Two Systems” arrangement. Within this compromise, codified in the 1984 Sino-British Joint Declaration, Great Britain ceded its interest, while China agreed to allow the existing capitalist economic system and British rule of law within the Hong Kong Special Administrative Region for a period of 50 years after hand over.<sup>206</sup> However, China displayed increasing rancor with outgoing British governor Chris Patten in his mid-1990s

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<sup>203</sup> *Taiwan Relations Act*, [document on-line]; and U.S. President, *The National Security Strategy of the United States*, 13-16.

<sup>204</sup> Margaret Thatcher, “Transcript: Interview with Margaret Thatcher,” interview by Bernard Shaw, *CNN On-line*, 30 June 1997; available from <http://www2.cnn.com/WORLD/9706/30/thatcher.transcript/>; Internet; accessed 5 December 2005.

<sup>205</sup> *Ibid.*, Internet.

<sup>206</sup> *Ibid.*, Internet.



reform efforts.<sup>207</sup> China acquiesced to agreements made under the Sino-British Joint Declaration, but later resisted Patten's efforts to instill durable democratic processes in Hong Kong's political system.<sup>208</sup> This followed a pattern of frustration with, confrontation with, and repudiation of Patten's efforts.<sup>209</sup> Concerns regarding Hong Kong's status continue. In August 2005 the U.S.-China Economic and Security Review Commission visited Hong Kong and noted serious constraints imposed by the PRC on Hong Kong's political development designed to stifle democratic development.<sup>210</sup> Additionally, Beijing's restrictions are eroding the autonomy Hong Kong was supposed to enjoy under the 1984 Joint Agreement.<sup>211</sup> While China was arguably justified in objecting to Patten's after the fact meddling, it shows the confrontational nature China pursues regarding something deemed an internal Chinese matter. Furthermore, China's current actions could signal some reneging on previous commitments.

Regardless of whether the United States was involved in fostering a ROC-PRC merger, it is probable America would hope to guarantee the political future of the reunified Taiwan. In much the same way that Great Britain attempted to transform Hong Kong's political system through Patten's efforts, the United States could attempt to preserve Taiwan's democratic institutions if China offered the expected "One Country, Two Systems" proposal for Taiwan.<sup>212</sup> This is especially likely given America's close relationship with Taiwan and its commitment to democratic political systems. However, China has historically resisted American interference in the Taiwan issue beyond occasionally reining in the island's independence minded government. The PRC contends the United States should not meddle in Chinese affairs with Taiwan.<sup>213</sup> In China's eyes, the vocal pro-Taiwan lobby in Washington not only perpetuates the status

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<sup>207</sup> Timothy J. Lynch, "The Five Phases of China's Hong Kong Policy," (student dissertation, Boston College, Summer 1996), 1.

<sup>208</sup> Ibid., 1-2.

<sup>209</sup> Ibid., 2-3.

<sup>210</sup> U.S.-China Economic and Security Review Commission, *2005 Report to Congress*, 151.

<sup>211</sup> Ibid., 151.

<sup>212</sup> Tucker, "If Taiwan Chooses Unification," 22.

<sup>213</sup> Joseph Kahn, "Beijing Urges Bush to Act to Forestall Taiwan Vote," *The New York Times*, 6 February 2004, sec. A, p. 3.

quo, but emboldens Taiwanese thoughts of independence.<sup>214</sup> It is possible that U.S. engagement in a reunified Taiwan would be viewed by China as having ulterior motives.

#### **E. SUMMARY**

While the socio-political relationship between the United States and China has noticeably improved since the early Cold War years, it still maintains a level of suspicion and overt competition. Differences in basic attitudes towards individual liberty and human rights provide an ideological undercurrent that affects the broader relationship. China's economy is clearly fueling its rise in regional and global prominence. This has allowed China to gain a measure of credibility through international actions and leverage its burgeoning economic clout for political gain. China is increasingly focused on strengthening the other two legs of Nye's trinity. This is being done not only to counter American influence within and around China, but also to apply the same pressure on the United States. China is still learning the ropes of the soft power game, but appears to have adroitly played its hand thus far. However, China is still an authoritarian nation. This fact enables China to maintain a stranglehold on its own populace, but sounds off key when China espouses its commitment to international norms of behavior. Peaceful reunification with Taiwan provides a potential opportunity for improved Sino-American relations, but could also reveal new areas of contention.

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<sup>214</sup> Jim Lobe and Tom Barry, "The Yellow Peril Revisited," [report on-line], (Washington D.C.: Foreign Policy in Focus, 12 July 2002, accessed 10 December 2005), 2; available at <http://www.fpif.org/pdf/gac/0207china.pdf>; Internet.

## V. SINO-AMERICAN MILITARY CONSIDERATIONS

### A. INTRODUCTION

The United States and China last faced each other militarily during the stalemated Korean conflict over fifty years ago. Ironically, some Chinese leaders briefly explored alignment with the United States prior to that conflict, ultimately siding with the Soviet Union due to ideological similarities.<sup>215</sup> The conflict helped solidify the Chinese Communist Party's (CCP) control over the country as the Chinese people found pride in the way Chinese forces acquitted themselves versus a Western foe.<sup>216</sup> Although the two nations have since avoided overt conflict, each has viewed the other with caution and a measure of military suspicion. This mutual distrust appears to be borne out of realist concerns on both sides. China scholar Paul H. B. Godwin notes that China's military posture reflects a "fundamental apprehension of U.S. power and military presence both globally and in the Asia-Pacific region," causing the PRC to seek regional military dominance to assuage its security concerns vis-à-vis the United States.<sup>217</sup> Conversely, U.S. Defense Secretary Donald Rumsfeld recently underscored American concern regarding burgeoning Chinese military power when he stated "A number of countries with interests in the region are asking questions about China's intentions."<sup>218</sup> If this statement belies American angst regarding China's military power, it would appear to validate the maintenance of a robust American military presence around China's periphery.<sup>219</sup>

In May 2001, Zalmay Khalilzad and other RAND analysts published a comprehensive Asian security report calling for strengthened U.S. based bilateral military

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<sup>215</sup> Lieberthal, *Governing China*, 88.

<sup>216</sup> *Ibid.*, 89-90.

<sup>217</sup> Paul H.B. Godwin, *China as a Major Asian Power: The Implications of Its Military Modernization*, (29 September 2005); conference report, "Contending Perspectives: Southeast Asian and American Views of the Rising China," 3. Cited in U.S.-China Economic and Security Review Commission, *2005 Report to Congress*, 119.

<sup>218</sup> Bill Gertz, "Rumsfeld Wary of Beijing's Buildup," *Washington Times*, 20 October 2005, 1.

<sup>219</sup> Dumbaugh, "China-U.S. Relations," 24.

alliances and creation of balance of power structures, notably against China.<sup>220</sup> In light of the tensions created by the April 2001 EP-3 incident, reports of Chinese acquisition of sensitive U.S. nuclear secrets and occasional Chinese saber rattling regarding Taiwan, this report appeared to support the George W. Bush administration's initially bellicose stance towards China. In the weeks that followed, Admiral Dennis Blair, commander of the U.S. Pacific Command, helped focus discussion on a principal question: whether China, as an emerging power, would conform to international norms of behavior or attempt to set up its own rules.<sup>221</sup> While removal of the Taiwan corollary from the Sino-American equation would appear to mitigate military concerns between the two nations, other factors exist that complicate the relationship. As one of the "four modernizations" initially proposed by Zhou Enlai in 1964, Chinese military modernization has created concern within the United States and among regional neighbors regarding Chinese intentions due to the nation's perceived lack of transparency. The offensive power projection capabilities China is building could be used in potential flashpoints such as the Spratly or Senkaku Islands or to threaten Pacific sea lanes. Finally, the dearth of Sino-American military-to-military contacts helps perpetuate the opacity of the military relationship, while each nation's courtship of regional military alliances provides concern for the other.

## **B. THE EXPANSION OF THE CHINESE MILITARY**

### **1. Implications of Military Modernization on Foreign Policy & Security Goals**

Whether or not China intends to conform to international norms or set up its own rules may be reflected in what it hopes to achieve with its military modernization. As military capability provides the means to meet foreign and security policy ends, reconciling stated policy goals with upgraded capabilities may help answer what China hopes to achieve. Chapter Two of the 2004 PRC White Paper on National Defense provides a good starting point for a current analysis of Chinese defense goals. In this chapter, China publicly states that its national defense policy is strictly defensive in

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<sup>220</sup> Zalmay Khalizad et al., *The United States and Asia: Toward a New U.S. Strategy and Force Posture* (Santa Monica: RAND Report MR-1315-AF, May 2001). Cited in Christoffersen, "The Role of East Asia in Sino-American Relations," 385.

<sup>221</sup> Christoffersen, "The Role of East Asia in Sino-American Relations," 385.

nature and designed to foster its peaceful development. Specifically, China outlines three main goals in achieving this declared peaceful policy: preservation of national sovereignty, safeguarding national economic development and internal stability, and modernizing its defense forces.<sup>222</sup> Preservation of national sovereignty involves not only the protection of China's borders and maritime rights from foreign aggression, but also involves its ability to affect national unification, specifically regarding Taiwan.<sup>223</sup> As a tool of the communist party, the PLA is employed to maintain party primacy and ensure domestic tranquility, thus furthering the CCP goal of economic development.<sup>224</sup> Modernization of Chinese military forces is viewed as necessary in furthering the other two goals and ensuring China is a credible player in an anticipated multi-polar world.<sup>225</sup> Aside from the currently unresolved Taiwan issue, these three goals do not appear to present overtly menacing Chinese intent. However, one must reconcile these stated policy ends with the capability means.

Since 1985, China has undergone a transformation of its defense strategy, stimulated by the overwhelming success enjoyed by the United States during Desert Storm. This redefined strategy has radically altered Chinese attitudes about what military means are necessary to achieve their political ends. Known as "limited war under high technology conditions," this strategy came about within the context of post-Cold War American global preeminence and an often ambiguous Sino-American relationship.<sup>226</sup> As its name implies, China views potential future conflicts to be largely confined to regional skirmishes and expects the threat of a world war to be negligible in the foreseeable future.<sup>227</sup> A logical inference from this strategy is that China would not desire major conflict with a military power such as the United States. However, this

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<sup>222</sup> Chinese National Government, *China's National Defense in 2004*, 3 [document on-line] (Beijing: Chinese National Government, 2004, accessed 20 November 2005), available at <http://www.nti.org/db/china/engdocs/ChWhitepaper2004.pdf>; Internet.

<sup>223</sup> David M. Finkelstein, "China's National Military Strategy," in *The People's Liberation Army in the Information Age*, ed. James C. Mulvenon and Richard H. Yang (Washington, D.C.: RAND, 1999), 111.

<sup>224</sup> Ibid., 109-110.

<sup>225</sup> Ibid., 112.

<sup>226</sup> H. Lyman Miller, "China's Evolving Defense Strategies" (NS4020 class handout, Winter 2005), Naval Postgraduate School, Monterey.

<sup>227</sup> Finkelstein, "China's National Military Strategy," 115.

strategy does appear to acknowledge the United States as a potential obstacle to the Chinese goal of Taiwan reunification and sets a 600-mile force projection requirement on Chinese forces.<sup>228</sup> The saliency of this fact in a post-reunification situation is the ingrained view of the United States as a Chinese opponent. A hallmark of this new strategy is an acknowledgement of the previously downplayed role of weapons and technology in war fighting to create synergistic effects.<sup>229</sup> This focus on technology, combined with an application of other lessons learned from the West, is known as the “Revolution in military affairs” (RMA) with Chinese characteristics.

One of the key features of China’s RMA is a realization that manpower must be reallocated and better trained. Twice downsized previously, the Chinese military is again being trimmed by 200,000 by the end of 2005.<sup>230</sup> This downsizing coincides with an ongoing streamlining of the military hierarchy and elimination of technologically inferior Army (PLA) forces. At the same time, China is placing greater emphasis on improving both the education and training of its personnel while optimizing manpower in high-tech units within the Navy (PLAN), Air Force (PLAAF), and Second Artillery Forces (China’s strategic missile force).<sup>231</sup> Additionally, China is increasingly focused on joint service exercises designed to build synergy between China’s armed forces.<sup>232</sup> The overall intent of these manpower measures is to facilitate a leaner and better prepared military force capable of carrying out China’s military strategy.

China has begun to recognize the force multiplication value of information and the offensive value of information warfare (IW). Again, China utilized lessons learned from recent U.S. conflicts to serve as a roadmap for its informational modernization. China has utilized commercial information technologies to advance its military command, control, computers, communications, intelligence, surveillance, and reconnaissance (C4ISR) modernization and is trying to create a command information

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<sup>228</sup> Russell D. Howard, “The Chinese People’s Liberation Army: ‘Short Arms and Slow Legs’,” [report on-line] (USAF Academy, Colorado: USAF Institute for National Security Studies, September 1999, accessed 19 November 2005); available at <http://www.fas.org/nuke/guide/china/doctrine/ocp28.htm>; Internet.

<sup>229</sup> Shambaugh, *Modernizing China’s Military*, 70.

<sup>230</sup> Chinese National Government, *China’s National Defense in 2004*, 4.

<sup>231</sup> *Ibid.*, 4.

<sup>232</sup> Shambaugh, *Modernizing China’s Military*, 99.

network capable of rapidly connecting war planners and war fighters.<sup>233</sup> China is placing more emphasis on space-based imagery and reconnaissance satellites to bolster sparse intelligence, surveillance, and reconnaissance (ISR) capabilities.<sup>234</sup> While timely information transmission is a force multiplier, IW is an asymmetry China feels it could exploit against a militarily superior adversary, such as the United States. The military is developing IW capabilities specifically to target and disable an opponent's command, control and operational capabilities.<sup>235</sup> Although current IW systems are old and not widely deployed, China will likely attempt to utilize foreign technology transfers to improve the quality and quantity of IW systems. China appears to be leveraging its growing economic integration with the West to further its goal of modernized IW systems.<sup>236</sup>

The PLA has long suffered from outdated equipment, poor mobility, and lack of experience in joint warfare.<sup>237</sup> Despite being last in priority for resources, Chinese ground forces are nonetheless benefiting from the current defense strategy. Currently, China is focused on creation of rapid response units capable of quick deployment anywhere in China within 24 hours notice.<sup>238</sup> Since Chinese ground forces continue to be based in defensive positions,<sup>239</sup> this rapid deployment capability will enhance defensive readiness and allow China to rapidly move forces if attacked. China envisions these new forces as “pockets of excellence” it hopes will develop new war fighting and deployment methods that can be transferred to the rest of the PLA. The PLA logistical support continues to be an Achilles heel hindering effective joint operations. In 1999, the

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<sup>233</sup> Defense Department, *FY04 Report to Congress on PRC Military Power* (Washington, D.C., 2004), 24.

<sup>234</sup> Ibid., 24.

<sup>235</sup> Ibid., 24.

<sup>236</sup> On 28 May 2005, China began issuing licenses to private companies for weapons development and production. China is hoping this move will diffuse Western dual use technologies into its defense industry as well as utilizing its highly developed civilian telecom and information technology industry to enhance its C4ISR capabilities. See Seth Drewry and William Edgar, “China gambles with private sector,” *Jane's Strategic Advisory Services*, (5 October 2005): [article on-line]; available from [http://www.janes.com/regional\\_news/asia\\_pacific/news/jdi/jdi051005\\_1\\_n.shtml](http://www.janes.com/regional_news/asia_pacific/news/jdi/jdi051005_1_n.shtml); Internet; accessed 20 November 2005.

<sup>237</sup> Howard, “The Chinese People's Liberation Army: ‘Short Arms and Slow Legs’,” Internet.

<sup>238</sup> Ibid., Internet.

<sup>239</sup> Shambaugh, *Modernizing China's Military*, 153.

PLA instituted a 10 year logistic reform plan that will combine logistic support for the PLA, PLAN, and PLAAF.<sup>240</sup> The hope is that centralized logistic support will aid joint war fighting.

Along with the PLAAF, the PLAN is receiving increased emphasis under the current Chinese defense strategy. China's interest in advancing the PLAN from a coastal defense force to one that can project power out to 200-plus miles stems not only from its interest in Taiwan, but also the high economic importance placed on shipping lanes off China's coast. The PLAN currently consists mostly of aging Soviet equipment. Recently, China has retrofitted some older destroyers and frigates with modern French designed weapon suites to improve fire control and anti-submarine (ASW) capabilities.<sup>241</sup> Although China has acquired three aircraft carriers, the PLAN does not appear to be capable of employing it due to a multitude of Chinese limitations. The Chinese appear to be placing strong emphasis on creating a modern submarine force. The addition of four Russian *Kilo* class submarines in the mid-1990s signaled the beginning of a submarine force modernization that will augment the existing five *Han* class nuclear powered attack submarines.<sup>242</sup> This focus on submarine warfare appears to be consistent with a strategy of maritime superiority within 200 miles of shore and would likely help China deny maritime access to this area and facilitate force projection in the event of a potential conflict.

The PLAAF currently consists mostly of aging Soviet fighter aircraft used for air defense. Though still a formidable force due to its size (3,000 combat aircraft), the PLAAF currently lacks range and offensive capability. The PLAAF modernization has begun to reduce the number of outdated fighter aircraft and seeks to introduce or increase the number of air superiority, attack, early warning, air refueling, and transport aircraft in the inventory.<sup>243</sup> Additionally, China is particularly interested in obtaining precision weaponry as it recognizes the advantages these provided the United States in recent conflicts. Although some indigenous aircraft research and development (R&D) is

<sup>240</sup> Howard, "The Chinese People's Liberation Army: 'Short Arms and Slow Legs'," Internet.

<sup>241</sup> Ibid., Internet.

<sup>242</sup> Defense Department, *FY04 Report to Congress on PRC Military Power.*, 24.

<sup>243</sup> John W. Lewis and Xue Litai, "China's Search for a Modern Air Force," *International Security* 24, no. 1 (Summer 1999): 83.



transpiring, the track record of Chinese combat aircraft production is not good. The Chinese continue to rely on Russian export of advanced military aircraft and will likely continue to do so in the future. The addition of air refueling capability and an increased interest in attack aircraft suggest the PLAAF is transitioning from a strictly defensive force to one with an offensive force projection capability.

The Second Artillery is primarily responsible for deterring an enemy nuclear attack on China. China is applying its RMA to this force in the form of increased missile R&D, enhancement of information flows, and improved accuracy through satellite-aided guidance systems.<sup>244</sup> China's principal nuclear missile upgrade involves the development and deployment of the DF-31 intercontinental ballistic missile (ICBM) with the anticipation of tripling its ICBM force by 2010. Future plans call for an upgraded, solid propellant DF-31 and a submarine launched version.<sup>245</sup> These upgrades facilitate quicker response and could enhance second strike capability. China is utilizing a portion of its missile R&D to build a short range ballistic missile (SRBM) force and research land-attack cruise missiles. The Second Artillery is expected to integrate these weapons into multi-service operations in the future.<sup>246</sup> These developments suggest an offensive intent and provide China with a credible ability to threaten regional neighbors. While China pursues these ostensibly offensive conventional missiles, its nuclear missiles appear to be mostly defensive in nature. China is estimated to possess approximately 20 ICBMs and 70 intermediate range ballistic missiles (IRBMs), currently has no first strike capability (and has publicly renounced such a strategy), and remains vulnerable to a preemptive strike.<sup>247</sup> However, one could argue the anticipated advances negate the threat of American nuclear forces in a regional, while enhancing the conventional offensive capacity of the PRC. Additionally, China has gradually moved away from a counter-value strategy toward a limited nuclear war fighting strategy.<sup>248</sup> This could portend a shift in Chinese intentions as new missile and warhead technology comes on line.

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<sup>244</sup> Chinese National Government, *China's National Defense in 2004*, 5.

<sup>245</sup> Defense Department, *FY04 Report to Congress on PRC Military Power*, 37.

<sup>246</sup> *Ibid.*, 24.

<sup>247</sup> Howard, "The Chinese People's Liberation Army: 'Short Arms and Slow Legs'," Internet.

<sup>248</sup> *Ibid.*, Internet.

Chinese military modernization may not bring it to parity with potential Western adversaries such as the United States, but there are indications that China is researching trump card weapons known as *shashoujian*, or “assassin’s mace.” The term assassin’s mace has appeared more frequently in Chinese professional journals since 1999, suggesting there is not only interest, but potential R&D on such a weapon.<sup>249</sup> Though it is unclear in what arena such a weapon (or weapons) may be used, it is generally accepted these weapons are designed to prey on an adversary’s asymmetries. Chinese interest in IW could be their “assassin’s mace.”

Perhaps the most troubling aspect of the Chinese military modernization is the lack of budgetary transparency. Understanding the ways and means employed by the PLA to fund its activities is considered vital in analyzing other aspects of China’s military and provides a measure of its national priorities.<sup>250</sup> While the PRC publishes its annual official defense expenditures, it is widely believed these figures represent a fraction of the actual amount spent on China’s defense. The Department of Defense estimates China underreports its defense expenditures by one-half to two-thirds the actual amount.<sup>251</sup> China often omits reporting costs associated with foreign weapons procurement, nuclear weapons development, defense based R&D, and subsidies provided to defense industries.<sup>252</sup> Juxtaposing China’s self reported 12.6 percent increase in 2005 defense spending against steady to declining defense budgets for neighboring countries,<sup>253</sup> raises questions about Chinese objectives and makes proclamations of peaceful intent sound specious. Indeed, China’s lack of transparency regarding its military build up has caused Defense Secretary Donald Rumsfeld to qualify China’s inclusion as a partner in the international system on “both cooperation and candor” regarding its military intentions.<sup>254</sup>

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<sup>249</sup> Defense Department, *FY04 Report to Congress on PRC Military Power*, 14.

<sup>250</sup> Shambaugh, *Modernizing China’s Military*, 184.

<sup>251</sup> U.S.-China Economic and Security Review Commission, *2005 Report to Congress*, 121.

<sup>252</sup> *Ibid.*, 121.

<sup>253</sup> *Ibid.*, 121.

<sup>254</sup> Gertz, “Rumsfeld Wary of Beijing’s Buildup,” 1.

While the preceding paragraphs highlight the direction the Chinese armed forces are ostensibly headed, the reality is the PLA and all its derivatives remain a very antiquated fighting force with severe limitations. For example, while China has taken steps to modernize its submarine force, its own ASW capabilities have limited detection range and are assessed to be poor.<sup>255</sup> While China has shown a desire to emulate the United States' experience in the first Gulf War, the PLA remains an infantry force lacking in combined arms capability nearly fifteen years later. Most weapon programs are behind schedule due to systemic constraints; many programs are simply proposed – not yet in full R&D. The upshot of these limitations is a watering down of the military means designed to achieve the policy ends. Before addressing the constraints hindering China's defense development, it is important to settle the earlier question of reconciling policy ends with their modernization efforts.

China is clearly interested in obtaining improved offensive capability, which makes its assertions that its force is strictly defensive somewhat suspect. Development of new conventional missile technology, an increased emphasis on integrating IW with military operations, and desire for in-flight refueling capability signal something beyond defense of the homeland. The obvious answer is that China is seeking to improve its power projection capabilities to force settlement of the Taiwan issue. However, China has also publicly stated its desire to be perceived as a credible force in a multi-polar world.<sup>256</sup> This would appear to presume the decline of U.S. power and the corresponding rise of other poles of power. This could be interpreted as either a Chinese desire to be one of those poles of power, or to challenge the rise of one of these poles in its region. Given the mileage goal set for Chinese power projection (600 miles), this would appear to be a logical conclusion. However, the current state of the Chinese military does not support this agenda. Additionally, endemic constraints suggest a difficult road to achieve this offensive credibility.

## **2. Constraints to Chinese Military Modernization**

Modernizing China's military force is a daunting task with a plethora of obstacles to success. The primary obstacle facing defense modernization is the availability of

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<sup>255</sup> Howard, "The Chinese People's Liberation Army: 'Short Arms and Slow Legs'," Internet.

<sup>256</sup> Finkelstein, "China's National Military Strategy," 112.

funding. Many have cited the drastic increase in Chinese defense spending as indicative of China's nefarious motives. However, this clamor over China's drastically enlarged defense budget may be somewhat overblown. In inflation adjusted terms, official defense budgets have stayed constant or slightly declined through the 1990s.<sup>257</sup> If one instead utilizes widely accepted estimates of China's defense budget, it still pales in comparison with that of some of its potential adversaries. Additionally, given China's economic emergence since Dengist reforms, its percentage of gross domestic product (GDP) spent on the military has declined from 5.8 percent in 1984 to 2.4 percent in 1994.<sup>258</sup> While Chinese defense spending is likely many times that which is officially reported, the fact remains that defense competes with other national priorities for limited government resources. China's placement of the military at the end of its four modernizations illustrates this point. Beyond the question of how much funding the military receives lies the question of where the funding is spent. Personnel expenditures still make up a large portion of China's defense budget. Even with cuts in personnel, China will be forced to increase soldier pay and benefits to remain competitive with the civilian sector. If China spends an estimated 50 percent of its available budget on personnel, there is very little left for defense modernization programs.<sup>259</sup> Furthermore, international arms sales – previously a significant source of additional funding for the PLA – have dried up due to the obsolescence of Chinese weaponry.<sup>260</sup> Simply put, despite increases in military spending, China is still hard pressed to make real headway in its defense modernization efforts.

Chinese aversion to military alliances presents a two-fold problem regarding its military modernization efforts. On one hand, its “go it alone” strategy requires it to be solely responsible for its defense, arguably requiring greater funding to maintain requisite defensive forces.<sup>261</sup> This saps resources that could otherwise be applied to modernization efforts. On the other hand, China's reluctance to team with other nations also reduces its

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<sup>257</sup> Howard, “The Chinese People's Liberation Army: ‘Short Arms and Slow Legs’,” Internet.

<sup>258</sup> Ibid., Internet.

<sup>259</sup> Shambaugh, *Modernizing China's Military*, 224.

<sup>260</sup> Ibid., 224.

<sup>261</sup> Finkelstein, “China's National Military Strategy,” 114.

opportunities to participate in joint military exercises.<sup>262</sup> This prevents China from gaining insight into new war fighting techniques and effectively forces the Chinese to develop tactics in relative isolation. Furthermore, this self imposed isolation increases suspicions regarding China, complicating Chinese diplomatic efforts.

Another major problem facing defense modernization is the low overall technological level of China's defense industry. China is essentially trying to create a 21<sup>st</sup> century military with a defense industrial complex that is decades behind. China has had an exceedingly difficult time producing indigenous weapon systems and components as a result of this deficiency. This leads to dependence on foreign suppliers for components China requires for those systems produced domestically. Poor systems integration often leads Chinese defense contractors to painfully incorporate foreign assistance in local designs. The overdue Chinese J-10 fighter program provides a classic case in point: Chinese airframe, Israeli avionics, Russian engine – 18 years from conception to low rate production.<sup>263</sup> Chinese attempts at reverse engineering have been suspect at best as evidenced by their extreme difficulty in copying an F-16 obtained from Pakistan.<sup>264</sup> Often, China simply has no choice but to purchase entire weapon systems from foreign nations. The reliance on foreign nations for so much defense support subjects China's defense to the variable nature of international politics. This point became painfully clear to China as American and European sanctions following the 1989 Tiananmen massacre hindered several weapons programs reliant on foreign technology.

The failure of China's defense industry may be directly attributable to the legacy of the Cultural Revolution. Already reeling from the Soviet boycott, the Chinese military industrial complex further atrophied when Mao and his followers targeted those suspected of revisionist thought as enemies of the state. Many scientists, engineers, and teachers were either jailed or executed due to fears of sedition. Additionally, the closing of schools and deployment of technical students to the countryside for "reeducation" created a "hole" in the scientific continuity of Chinese society. This hole caused China to

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<sup>262</sup> Finkelstein, "China's National Military Strategy," 114.

<sup>263</sup> Howard, "The Chinese People's Liberation Army: 'Short Arms and Slow Legs'," Intenet.

<sup>264</sup> Ibid., Internet.

fall behind the rest of the world technologically and has yet to be overcome.<sup>265</sup> Some Chinese assert that China does not need to “catch up” with a technologically superior foe such as the United States. Instead, some assert that a few “pockets of excellence” within the defense industry are enough to thwart U.S. power projection in the Asia-Pacific region.<sup>266</sup> This attitude threatens China with future failure as a discounted area of technology today could become a requisite for a “pocket of excellence” tomorrow. Furthermore, this focus on “pockets of excellence” ignores the likelihood that a technologically superior adversary would be able to get ahead of China in this area of expertise.

### **3. Impact on Sino-American Relations**

Conflict with the United States appears remote in the near term and removal of the Taiwan issue would seem to virtually eliminate the likelihood of a Sino-American military showdown. However, there are indications China believes the United States is its principal military adversary in the Asia-Pacific region. Development and procurement of weapon systems designed specifically for offensive purposes or to counter U.S. strengths suggest China’s stated defense policy does not represent the nation’s intent. Chinese military analysts freely acknowledge China’s concern regarding the United States, attributing the antipathy to a perception of the United States as a hegemonic, expansionist power.<sup>267</sup> This perceived hegemony extends beyond military considerations, including domination of international financial systems, pursuit of an interventionist policy regarding human rights, and waging an ideological crusade to further democracy.<sup>268</sup> China thus feels it must attempt to militarily check the United States to foster a multi-polar environment,<sup>269</sup> suggesting either Chinese realism or a Hobbesian construction regarding the United States.

While China certainly faces significant constraints to its modernization program, a China that views itself as the dominant regional power could present concerns for

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<sup>265</sup> Howard, “The Chinese People’s Liberation Army: ‘Short Arms and Slow Legs’,” Internet.

<sup>266</sup> Mark Stokes, “China’s Strategic Modernization: Implications for the United States” (student dissertation., U.S. Army War College, September 1999), 136.

<sup>267</sup> Shambaugh, *Modernizing China’s Military*, 297.

<sup>268</sup> Ibid., 298.

<sup>269</sup> Ibid., 298.

China's neighbors and a United States committed to the defense of its regional allies. Despite stated American support of a one China policy, the PRC has exhibited a predisposition towards military threat in an attempt to coerce a desired resolution to the Taiwan issue. Similarly, a post-reunification China might employ military threats to achieve regional goals. A China emboldened by the successful modernization of its military could view a liberal institutional approach towards disagreements as too confining and opt for a realpolitik solution.

As stated in the 2004 PRC White Paper on National Defense, China desires to be a credible player in a multi-polar world.<sup>270</sup> Ironically, an offensive minded Chinese military could have the effect of perpetuating a uni-polar situation. China's previous unwillingness to enter into military alliances coupled with past military actions against neighbors (Korea, India, Vietnam) have instilled suspicions within China's neighborhood. A modernized Chinese military could present a security dilemma for China's neighbors and force them to seek refuge under the aegis of American military protection. This could serve to perpetuate a PRC animus towards the United States and stymie closer relations in a post-reunification era.

### **C. POTENTIAL FLASHPOINTS**

While Taiwan presents the most visible Chinese territorial claim, other potential flashpoints exist. Both the Senkaku and Spratly Islands represent Chinese attempts to enforce historical territorial rights. Furthermore, the discovery of oil in the vicinity of each set of islands suggests the military lengths China may pursue for territory deemed strategically valuable.

Located at varying distances up to several hundred miles off the southeast coast of China, the Spratly Islands are specks of land upon which China bases its claims to the broader South China Sea region. The suspected wealth of fossil fuel reserves within this area has made it an increasingly important strategic factor for the Chinese, even as they pursue improved diplomatic relations with its neighbors. Chinese territoriality stems from navigational routes established through the area by Chinese seafarers during the

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<sup>270</sup> Chinese National Government, *China's National Defense in 2004*, 3.

Han dynasty, over 2,000 years ago.<sup>271</sup> Following Japan's cession of all territorial gains after World War II, China reasserted its historical claims to the Spratlys and the South China Sea. China took a bellicose stance towards neighboring nations making similar claims to the region, seizing the Paracel Islands from Vietnam in 1974. China has somewhat moderated its stance towards its Southeast Asian competitors in the South China Sea, but still maintains its singular claim to the region. Through the 1990s, China boldly moved to solidify its territorial claims by establishing a permanent presence on certain islands and bolstering its military presence in the region, ostensibly to intimidate its rivals.<sup>272</sup> Furthermore, the Chinese law on territorial waters and their contiguous areas provided PRC legal precedence and self-validated its territorial actions.<sup>273</sup> Aside from infrequent skirmishes between China and the Philippines, ASEAN countries have sought a diplomatic solution to their territorial disputes with China. However, China has successfully avoided territorial concessions, essentially maintaining the status quo, and prevented underlying concerns regarding its regional military build up from fomenting unified ASEAN opposition.<sup>274</sup> China may have also attempted to utilize these diplomatic maneuvers with ASEAN in an effort to weaken American power in the region. China had pushed for prohibition on foreign naval exercises in the 2002 Declaration on the Conduct of Parties in the South China Sea,<sup>275</sup> a measure that could be viewed as limiting not only ASEAN signatories, but also the United States, superpower benefactor of several regional nations. Juxtaposing China's South China Sea claims against its current claims to Taiwan presents an interesting, and potentially telling aspect of Chinese foreign policy. Similar to China's approach to Taiwan, the nation appears to be utilizing a carrot-stick approach to achieve its goals in the South China Sea:

Beijing may also be seeking a tactical and negotiating advantage ahead of agreeing to negotiations. China typically takes a hard/soft pattern in

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<sup>271</sup> Mark J. Valencia, Jon M. Van Dyke, and Noel A. Ludwig, *Sharing the Resources of the South China Sea*, (Honolulu: University of Hawai'i Press, 1999), 20.

<sup>272</sup> Catharin Dalpino and Juo-yu Lin, "China and Southeast Asia: The Difference of a Decade," *Brookings Northeast Asia Survey 2002-03*, 80-81 [publication on-line]; available from <http://www.brookings.edu/fp/cnaps/papers/survey2003/6asean.pdf>; Internet; accessed 28 November 2005.

<sup>273</sup> Valencia, Van Dyke, and Ludwig, *Sharing the Resources of the South China Sea*, 78-79.

<sup>274</sup> Dalpino and Lin, "China and Southeast Asia," 81-82.

<sup>275</sup> *Ibid.*, 82.



territorial disputes and appears to be using a similar strategy in the Spratlys.<sup>276</sup> This suggests China views military force, or the threat thereof, as a viable instrument towards achieving policy goals. A possible peaceful reacquisition of Taiwan may not dissuade China from pursuing a similar strategy later, and could validate China's use of such an approach towards other issues.

While China has recently approached the Spratly issue with greater diplomatic aplomb, it has not responded similarly towards the Sino-Japanese dispute over the Senkaku / Diaoyutai Islands. Like the Spratlys, these potentially oil rich volcanic islands between Okinawa and Taiwan are claimed by China based on historical Chinese navigation routes and fishing grounds.<sup>277</sup> Japan claimed the islands in 1895, separate from other islands ceded by China under the Treaty of Shimonseki, and thus not subject to reversion to China following World War II.<sup>278</sup> After Japan received the islands from American protection in 1971, China began to encroach upon the territory and reasserted its historical claims. Chinese intrusions into the area Japan claims as an economic exclusion zone (EEZ) have included not only benign ventures such as oil exploration vehicles and ocean research vessels, but also more threatening military warships and aircraft.<sup>279</sup> The frequent assertiveness of Chinese forces and apparent flouting of international rules make these intrusions particularly troubling. Since 2004, a Chinese Navy destroyer took aim at a Japanese Maritime Defense Forces aircraft near the disputed area, Chinese spy planes entered Japan's EEZ three times, and a Chinese Han-class submarine was observed patrolling off the coastal waters of Okinawa.<sup>280</sup> China appears to be pursuing these actions, despite their possible violation of the United Nations Convention on the Law of the Sea (UNCLOS).<sup>281</sup> Under UNCLOS, both sides

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<sup>276</sup> Eric A. Hyer, *The Spratly Islands Territorial Dispute: Implications of China's Earlier Settlements*, (Paper presented at the joint International Studies Association-West/Association for Asian Studies on the Pacific Coast Conference, Monterey Institute of International Relations, October 29-30, 1993). Referenced in Valencia, Van Dyke, and Ludwig, *Sharing Resources of the South China Sea*, 86.

<sup>277</sup> GlobalSecurity.org, "Senkaku / Diaoyutai Islands," *GlobalSecurity.org*, 22 September 2005; available from <http://www.globalsecurity.org/military/world/war/senkaku.htm>; Internet; accessed 28 November 2005.

<sup>278</sup> *Ibid.*, Internet.

<sup>279</sup> U.S.-China Economic and Security Review Commission, *2005 Report to Congress*, 119.

<sup>280</sup> *Ibid.*, 119.

<sup>281</sup> *Ibid.*, 119.

should refrain from actions which could undermine a negotiated settlement. China's pursuit of drilling near the median line of the two nations' EEZs violates the spirit of UNCLOS, while Chinese military harassment could be viewed as an attempt to intimidate Japan and establish a sphere of influence in the region.<sup>282</sup> Japan shares a measure of culpability in perpetuating this disagreement. Both Japan and China have offered solutions to the situation that the other has rejected, while nationalism on both sides discourages cooperation.<sup>283</sup> Additionally, Japan allegedly used military force of its own in January 2004 to drive off Chinese fishermen within Japan's EEZ.<sup>284</sup> Nonetheless, Chinese actions regarding the Senkaku / Diaoyutai Islands reflect a trend towards neo-realist tendencies. China uses a show of force to intimidate a rival, suggesting a predilection towards realpolitik. Conversely, China's willingness to abrogate the spirit of UNCLOS could show contempt for a multilateral institutional solution that may not provide China with terms it desires.

Both the Spratly and Senkaku flashpoints offer an opportunity to view Chinese military actions apart from the Taiwan issue. China appears to utilize a similar pattern of military intimidation towards nations opposing its national interests. Furthermore, China seems to place considerable emphasis on the value of historical claims. These would appear to validate apprehensions a militarily powerful China could bully weaker neighbors and presents concerns for a United States committed to cooperative action with other global powers.<sup>285</sup>

#### **D. MILITARY RELATIONSHIPS: FOSTERING CONCERN**

The Sino-American dyad is further complicated by two additional military factors. The opacity of the Sino-American military relationship exacerbates underlying tensions between the two nations by helping to maintain an air of distrust. Similarly, American pursuit of regional alliances perpetuates a sense of encirclement among the

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<sup>282</sup> GlobalSecurity.org, "Senkaku / Diaoyutai Islands," Internet.

<sup>283</sup> Ibid., Internet.

<sup>284</sup> Ibid., Internet.

<sup>285</sup> President George W. Bush has expressed reservations regarding the character of the Chinese state, citing its occasionally threatening gestures towards its neighbors as an outdated approach to foreign policy and a principal impediment to improved Sino-American relations. See U.S. President, *The National Security Strategy of the United States*, 27.

Chinese, while Beijing's pursuit of strengthened ties with Russia could raise the hackles of American leaders.

There are several benefits to improved Sino-American military-military relations. First, reciprocal military exchanges foster clarity of each side's strategic viewpoint, while reducing misperceptions.<sup>286</sup> Second, direct exposure to each nation's military capabilities could dissuade the two nations from considering a military option that would necessitate an in-kind response from the other.<sup>287</sup> Third, a Sino-American military exchange relationship could become a springboard for similar Chinese military engagement with regional nations aligned with the United States,<sup>288</sup> mitigating regional military concerns. The net result of an improved Sino-American military relationship could be a radical alteration of the way each nation approaches the other by facilitating constructive dialogue. Thus, one could conclude that a robust Sino-American military-military relationship would positively affect the social construction each nation ascribes to the other, particularly in a post-reunification environment.

Unfortunately, Sino-American military ties are hampered by a variety of factors. A primary American concern involves the lack of reciprocity by the Chinese vis-à-vis military exchanges.<sup>289</sup> Additionally, the Chinese build up of offensive weaponry concerns American leaders that the Chinese could leverage such exchanges to further enhance their offensive capabilities.<sup>290</sup> The status of broader Sino-American relations affects the level and tenor of military-military relations.<sup>291</sup> Finally, closer Sino-American military ties could negatively affect perceptions around Asia, notably among American allies.<sup>292</sup>

Despite limitations, recent efforts suggest a desire to improve the military relationship between the United States and China. The October 2005 visit to China by

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<sup>286</sup> For a complete assessment of Sino-American military exchanges, see Shambaugh, *Modernizing China's Military*, 346-353.

<sup>287</sup> Shambaugh, *Modernizing China's Military*, 349.

<sup>288</sup> *Ibid.*, 351.

<sup>289</sup> *Ibid.*, 349.

<sup>290</sup> *Ibid.*, 350.

<sup>291</sup> *Ibid.*, 349.

<sup>292</sup> *Ibid.*, 350.

Secretary of Defense Donald Rumsfeld underscored American interest in bolstering military relations, while statements by Chinese leaders welcomed military exchanges as a way of growing the larger Sino-American relationship.<sup>293</sup> The visit, including an unprecedented stop at China's strategic missile headquarters, represented a watershed opportunity, but also underscored lingering concerns. During his visit, Rumsfeld challenged the veracity of Chinese defense budgetary figures, a claim that was quickly rebuffed by General Cao Gangchuan, who retorted "that is, indeed, the true budget we have today."<sup>294</sup> Similarly, General Cao objected to Congressional restrictions placed on Sino-American military exchanges due to fears China could gain a war fighting advantage.<sup>295</sup> While improved Sino-American military-military relations could pave the way to better understanding between the two nations, it is clear that each side harbors considerable distrust that will have to be breached before military-military relations can truly work.

Military alliances with other regional nations present another potential obstacle towards improved Sino-American relations. The American National Security Strategy encourages strengthening bilateral alliances and employing military assets to prevent attacks on both the United States and its allies.<sup>296</sup> However, American perpetuation of historic alliances, combined with new basing arrangements and military deployments provides a measure of concern to the Chinese.<sup>297</sup> The close military relationship with Japan in the post-Cold War era has helped provide the United States with regional access and military influence, despite the lack of a superpower adversary. Similarly, the ROK-U.S. alliance guarantees American military influence near Chinese territory, though this alliance has appeared less durable recently. Following the terrorist attacks in September 2001, the United States expanded military relationships with India, Central Asian nations,

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<sup>293</sup> Thom Shanker, "Gingerly, U.S. and China Plan to Strengthen Military Ties," *New York Times*, 20 October 2005, sec. A, p. 6.

<sup>294</sup> Ibid.

<sup>295</sup> Gertz, "Rumsfeld Wary of Beijing's Buildup," 1.

<sup>296</sup> U.S. President, *The National Security Strategy of the United States*, 5-7.

<sup>297</sup> Thomas J. Christensen and Michael A. Glosny, "Sources of Stability in U.S.-China Security Relations," in *Strategic Asia 2003-04: Fragility & Crisis*, ed. Richard J. Ellings, Aaron L. Friedberg, and Michael Wills (Seattle: The National Bureau of Asian Research, 2003), 72.

and several ASEAN countries, ostensibly to combat terrorism.<sup>298</sup> One could argue that a constructivist China might feel less constrained and thus less suspicious of U.S. intentions in a post-reunification era. However, a realist China would possibly still feel threatened by the continued presence of U.S. military assets around its periphery, regardless of the resolution of the Taiwan issue. Recent Chinese actions suggest it is more likely to choose the later option over the former.

China has taken measures to shore up its military position and oppose American actions around its periphery. Since 1996, China and Russia have increasingly found common ground in their belief in a multi-polar world.<sup>299</sup> This warming relationship has blossomed into a military relationship harkening back to the days of the Stalin-Mao alliance. Since the international arms embargo following the 1989 Tiananmen Square massacre, Russia has emerged as China's principal supplier of advanced weaponry.<sup>300</sup> However, the August 2005 Peace Mission joint military exercise near Vladivostok recently emphasized the depth and direction of the entente. During the exercise, Russia demonstrated advanced supersonic cruise missiles designed to neutralize aircraft carriers and participated in offensive, combined forces maneuvers.<sup>301</sup> People's University of China professor Jin Canrong underscored the mutual sentiment of the exercise participants by saying: "(t)he main target is the United States. Both sides want to improve their bargaining position in terms of security, politics, and economics."<sup>302</sup> China has also enlisted Russian assistance in its efforts to push back American influence on its periphery. During the July 2005 Shanghai Cooperation Organization summit, China and Russia jointly requested an American timetable for withdrawal of its forces from Central Asia.<sup>303</sup> At the end of July, Uzbek President Islam Karimov demanded

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<sup>298</sup> Christensen and Glosny, "Sources of Stability in U.S.-China Security Relations," 72.

<sup>299</sup> Ariel Cohen and John J. Tkacik, Jr., *Sino-Russian Military Maneuvers: A Threat to U.S. Interests in Eurasia* (Washington: The Heritage Foundation, September 30 2005), 2-3.

<sup>300</sup> Ibid., 2.

<sup>301</sup> Ibid., 2.

<sup>302</sup> Reuters, "Sino-Russian War Games Move on to China," *Yahoo! News*, August 20 2005, at [news.yahoo.com/s/nm/china\\_russia\\_do](http://news.yahoo.com/s/nm/china_russia_do), cited in Cohen and Tkacik, *Sino-Russian Military Maneuvers*, 2.

<sup>303</sup> Cohen and Tkacik, *Sino-Russian Military Maneuvers*, 3.

Washington withdraw U.S. forces from Karshi-Khanabad airbase,<sup>304</sup> perhaps suggesting a measure of influence by the Moscow-Beijing axis.

The combined effect of limited Sino-American military-military contacts and bilateral military relationships with other regional nations appears to perpetuate mutual suspicions. At the very least, each nation displays an ambivalence that fosters a negative social construction towards the other. At the worst, the two nations exhibit neo-realist tendencies that suggest an ingrained distrust and difficulty achieving a measure of cooperation. The amelioration of the Taiwan issue may not overcome the latter example.

#### **E. SUMMARY**

China and the United States face a multitude of questions regarding their military relationship. Though threatening in appearance, Chinese military modernization faces several challenges that make its policy ends more difficult to achieve. Although China has the potential to menace its immediate neighbors, it does not appear to have the capability, nor is it likely to obtain the ability in the near future to project power capable of directly threatening the United States. However, China's pattern of behavior suggests it is primarily interested in utilizing its military prowess to augment diplomacy in a carrot-stick analogy vis-à-vis its regional neighbors. Despite China's apparent perception of the United States as its principal adversary, it is debatable whether China would directly challenge American military power. Rather, it appears China is attempting to balance American power with a Russian alliance.

Chinese actions would appear to suggest a predilection towards realism or a Hobbesian social construction. While the peaceful assimilation of Taiwan would arguably eliminate the main military obstacle between the United States and China, the latter's offshore actions in the South and East China Seas parallel its Taiwan strategy and suggest future areas of friction for China and a regionally engaged United States. As Admiral Blair posited, does China intend to play by established rules, or does it intend to set up its own? The answer may be a qualified "both" – China may want to pursue a neo-realist approach and establish its own rules, but due to its current military limitations it may have no choice but to play by the established rules for the time being.

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<sup>304</sup> Cohen and Tkacik, *Sino-Russian Military Maneuvers*, 3.

## **VI. CONCLUSION**

### **A. THE REALIST DILEMMA**

Resolution of the Taiwan issue would undoubtedly quell fears throughout the Asia-Pacific region of a military confrontation between the United States and China. Indeed, the peaceful merger of Taiwan with the PRC would appear to remove a significant impediment to better Sino-American relations. While the United States and China have vastly improved their bilateral affairs since the creation of the PRC, a degree of suspicion, competition, and antagonism remains. This thesis has shown that significant areas of contention exist between the United States and China, beyond the question of Taiwan.

Both nations appear to approach the Sino-American relationship with neo-realist proclivities. Although China has entered the international economic and political mainstream, it continues to view the United States as its principal threat and maneuvers to counter American influence. Conversely, the United States ostensibly welcomes Chinese ascendance, yet appears to utilize its power to constrain aspects of China's rise. This pattern would seem to indicate mutual adherence to a neo-realist strategy. This possibility is further reinforced when considering each nation's participation in multinational regimes. China is increasingly engaged in regional forums and is beginning to take a more active role at the United Nations. Nonetheless, this latent distrust persists. This condition appears to transcend the issues surrounding the ROC-PRC reunification issue, suggesting limited impact on the long term relationship between the two nations following a peaceful Taiwan Strait resolution. One could conclude that the Sino-American relationship in a post-reunification environment is likely to continue a neo-realist pattern.

The United States faces a potential dilemma in this post-reunification environment. It is probable that the United States will continue to be pressured by an ascendant China and could face erosion of its power in the Asia-Pacific. However, despite the realist principles that appear to underpin its relationship with the PRC, the United States government may face domestic and international expectations to further

moderate its position towards China after removal of the Taiwan impediment. Furthermore, the United States has advertised the benefits of China's inclusion in the world community.<sup>305</sup> If the United States took an abrupt hard line with the PRC, it could risk political isolation as its aggressive position would be out of step with its previous emphasis on Chinese participation in the global community. Thus, policy makers would need to tread carefully between confrontation and conciliation with the PRC in a post-reunification environment.

## **B. POLICY RECOMMENDATIONS**

### **1. Employ an Integrative Foreign Policy**

The United States is arguably moving away from the Cold War containment paradigm towards an integrative foreign policy doctrine.<sup>306</sup> Such a doctrinal shift involves building effective international arrangements for greater collectivity in action,<sup>307</sup> and appears to accept the rise of other poles of power. Pursuing such an integrative policy vis-à-vis China could provide the United States with a middle ground solution to a post-reunification dilemma.

The United States should maintain existing East Asian regional military alliances and work towards fostering new arrangements. In doing so, the United States will provide a clear message that it will remain intimately engaged in the Asia-Pacific region. Consistent with greater emphasis on military alliances, the United States should maintain a robust military presence in the region. In much the same way that U.S. forces have facilitated peace and prosperity in a post-Cold War Europe, they could similarly provide a stabilizing presence in a post-reunification Asia-Pacific. However, the United States should direct such efforts in a way that ultimately fosters collective regional security. America could take the lead in helping Asian nations address an array of security issues ranging from terrorism to piracy, while facilitating confidence building measures between rival neighbors. China could be included in such an arrangement, perhaps assuaging fears of encirclement and fostering greater responsibility regarding territorial claims.

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<sup>305</sup> U.S. President, *The National Security Strategy of the United States*, 27-28.

<sup>306</sup> Richard N. Haass, "Is There a Doctrine in the House?" *New York Times*, 8 November 2005, sec. A, p. 27.

<sup>307</sup> *Ibid.*, 27.



One facet of the United States security strategy involves furthering global economic growth through free trade.<sup>308</sup> It would be a mistake to resort to protectionism in U.S. trade disagreements with China as it would run counter to the message Washington is attempting to broadcast to the global community. Rather, the United States should press forward confidently with its free trade agenda, particularly in regions China appears to be particularly interested. The United States is moving ahead on a variety of bilateral free trade agreements and engineering regional initiatives to create free trade zones.<sup>309</sup> In the process, the United States is championing the connection between trade and social development.<sup>310</sup> Through these actions, the United States arguably improves its global economic and political stature. The United States should capitalize on its position by aggressively exposing and criticizing unfair trade practices through regimes such as the WTO. Furthermore, the United States should encourage greater sanctioning by the WTO to dissuade trade chicanery and require greater accountability by individual nations. American trade initiatives should stimulate demand for foreign direct investment in those areas so targeted. The United States should stand ready to capitalize on this demand.

The United States will continue to push for greater respect of human rights and champion democratic reform.<sup>311</sup> However, it is impractical to set this as a doctrine since it occasionally conflicts with other foreign policy goals.<sup>312</sup> Therefore, the United States should increasingly employ multilateral pressure through the United Nations to promote democratic ideals and respect for human rights. Coupled with this increased emphasis on the United Nations' role in fostering human dignity, the United States should simultaneously push for reform of the global body to prevent political or economic interests from clouding the organization's mission. On the issue of preservation of Taiwanese democracy after reunification, the United States should be prepared to respect the free choices of the Taiwanese people.<sup>313</sup> However, it should also stand ready to

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<sup>308</sup> U.S. President, *The National Security Strategy of the United States*, 17.

<sup>309</sup> *Ibid.*, 18-19.

<sup>310</sup> *Ibid.*, 19.

<sup>311</sup> *Ibid.*, 3.

<sup>312</sup> Haass, "Is There a Doctrine in the House?," 27.

<sup>313</sup> Tucker, "If Taiwan Chooses Unification," 27.

support the people of Taiwan through direct and multinational pressure on the mainland if those choices are infringed. Although a nation such as China may still perceive the United States as responsible for such pressure, enforcement would be diffused over UN member nations, instilling a sense of global responsibility for compliance.

Through an integrative foreign policy, the United States would appear to bring its actions in line with its espoused acknowledgement of the value of multilateral action.<sup>314</sup> This could help repair some of the damage to American international political prestige brought on by the perception of American unilateralism and bolster its stature among the community of nations. Furthermore, it could provide a more efficient check towards a China increasingly enmeshed in the web of multinational regimes. If the United States could transform issues from a Sino-American struggle to a multinational concern, it could present China with the option of acquiescence or isolation. Conversely, the United States would need to be prepared for limits on its own capacity for maneuver if it chose to pursue this approach. However, this could be the best course of action concerning a China increasingly finding its voice on the international stage. If the United States allows China to seize the international political initiative, it could find itself marginalized in a post-reunification environment.

## **2. Seek Common Ground**

America has acknowledged China's rise to great power status.<sup>315</sup> The United States should draw closer to China, particularly in a post-reunification environment, to address mutual concerns and facilitate greater understanding at various levels. Such an approach could ameliorate some of the suspicion and distrust that appears to be endemic in the Sino-American relationship. Furthermore, an America that extends a proverbial olive branch to China will possibly strengthen its international influence.

The United States should address the growing energy competition between the two nations. As China's demand for oil, natural gas, and other forms of energy grows in the coming years, it portends an area of acute concern for the Sino-American relationship. The U.S.-China Economic and Security Review Commission has recommended establishment of a U.S.-China Energy Working Group to initiate high level

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<sup>314</sup> U.S. President, *The National Security Strategy of the United States*, 25-28.

<sup>315</sup> *Ibid.*, 27.

joint dialogue on this potentially contentious issue.<sup>316</sup> Furthermore, the Commission acknowledges the value of cooperative efforts to address China's underdeveloped energy capacity and concerns regarding its mercantilist approach to energy procurement.<sup>317</sup> Furthermore, the United States should utilize this opportunity to involve other nations such as Japan and India that similarly have concerns about the availability of energy to fuel their economies. This would not only serve to enlist greater creative thought on the subject, but would also help strengthen an integrative American foreign policy. Addressing the energy question could diffuse an area of contention before it becomes critical and would help demonstrate American commitment towards collaboration versus combativeness.

The United States should improve military-military contacts with the PRC. The U.S.-China Economic and Security Review Commission has recommended discussions with China to develop and implement confidence building measures at various levels of civilian and military leadership to prevent escalation of situations into military crises.<sup>318</sup> Though laudable, this objective would require closer military-military ties to succeed. The United States should initiate improved military-military dialogue by addressing military concerns germane to both nations. One possible area of common ground involves each nation's mutual interest in containing terrorism, particularly in advance of the 2008 Beijing Olympics. Chinese military opacity remains a source of concern regarding improved military-military relations. The United States could attempt to tie greater Chinese transparency with a Chinese issue of concern to the Chinese in an attempt to resolve a potential impasse with issue linkage. Despite concerns, there are definite benefits to fostering military-military contacts. As Chinese President Hu Jintao recently stated, an improved Sino-American military association will pay dividends to the broader relationship between the two nations.<sup>319</sup>

Beyond improving military-military contacts, the United States should increasingly focus on improving the broader cultural relationship between the two

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<sup>316</sup> U.S.-China Economic and Security Review Commission, *2005 Report to Congress*, 17.

<sup>317</sup> *Ibid.*, 17-18.

<sup>318</sup> *Ibid.*, 16.

<sup>319</sup> Shanker, "Gingerly, U.S. and China Plan to Strengthen Military Ties," 6.

nations. One area where the United States could begin would be through improved educational exchanges. These cross culture exchanges could involve increased American student enrollment in Chinese universities, as well as institutional collaboration. Cooperation with American universities would likely be welcomed by a China interested in the creation of one hundred world class institutions of higher learning,<sup>320</sup> while America may welcome the educational association as a vehicle to diffuse American attitudes and mores within Chinese society. Other areas of potential cultural interaction could include sports and entertainment, performing arts, and literature.

The overall goal of seeking common ground with the Chinese is an attempt to mitigate some of the historical distrust pervading the relationship. While this approach may appear to offer promise, there are no guarantees each nation may not continue to cling to its realist view of the other. Nonetheless, employing such a strategy could further an integrative foreign policy by showcasing the constructive nature of American relations towards China in a post-reunification era.

### **C. OUTLOOK**

Resolution of the Taiwan question may not ameliorate contentious issues between the United States and China. America should take a proactive approach to preserve its engaged position in a post-reunification Asia-Pacific. However, this stance should support America's stated broader goals of multilateralism and collective effort. On one hand, a strictly confrontational approach to the PRC risks marginalizing American international political strength. On the other hand, a strictly conciliatory approach validates less desirable aspects of Chinese behavior and invites additional challenges. Thus, the United States should approach a unified China with both strength and partnership in the post-reunification epoch.

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<sup>320</sup> Wallace, "America's Brain Drain Crisis," 111.

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